



Daily Report

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Daily Report

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General

Western 'Guardians of Human Rights' Criticized
*HK3110044689 Beijing RENMIN RIBAO in Chinese
29 Oct 89 p 3*

[“Jottings” by Yue Lin (2588 7207): “‘Guardians of Human Rights’ Violate Human Rights”]

[Text] The Commonwealth summit which concluded not long ago adopted a declaration against apartheid. This declaration, which supports justice and safeguards basic human rights, has naturally won the support of the majority of the nations attending the summit. However, it was rejected by the United Kingdom. This move of the British Government has intensified the differences among the Commonwealth nations on the question of South Africa, further widened the rift within the Commonwealth, and disappointed the figures of the whole world who advocate justice.

The brutally savage and inhuman policy of apartheid pursued in South Africa constitutes an insult and persecution to the South African people and is also a shame on the whole of mankind. Hence, the unremitting struggle against the South African racists is a matter for the South African people as well as the people of the whole of Africa. The international community is also duty-bound in this regard. To this end, many international organizations and conferences appealed for imposing economic and arms sanctions against South Africa over the years. Most of the international sports organizations refused to let South African athletes participate in international games and also did not allow their athletes to join games held in South Africa. These measures constitute a support and deep sympathy for the South African people who have suffered from apartheid as well as a protest and resistance against the South African authorities.

At the Commonwealth summit, the British Government refused to exert pressure on the South African regime. This is tantamount to accomodating and inciting the South African authorities who continue to pursue the policy of apartheid. The dispute over the South African issue at the current Commonwealth summit is like a mirror reflecting the true features of certain figures in the United Kingdom and Western countries.

Some Western countries, particularly authoritative persons in the United States, Britain, and West Europe, always consider themselves to be guardians of “human rights” and talk volubly, blaming one country for “violating human rights,” scolding another for “trampling on man’s democratic rights,” and impose “sanctions” on other countries as if they are the only ones in the world to respect “humanity” and “human rights.” However, these are the people who showed partiality to and refused to impose sanctions against the policy of apartheid pursued in South Africa, which brutally tramples on basic human rights. Therefore, we may ask: What are these “guardians of human rights” up to?

Trade Fair for USSR, East Europe Concludes

*OW2610094389 Beijing XINHUA in English
0633 GMT 26 Oct 89*

[Text] Shanghai, October 26 (XINHUA)—Shanghai’s first fair of samples of products for export to the Soviet Union and East European countries closed here today.

Altogether, 17 trading groups from the Soviet Union and East European countries signed agreements on economy and trade with the fair’s sponsor, the Shanghai Foreign Trade Corporation.

The agreements, many of a barter trade nature, involved light industry, textile and food products. A company from the Soviet Union signed more than 20 agreements, and the business volume of the agreements signed by two Hungarian trade groups reached 440,000 Swiss francs.

According to the agreements, Shanghai will offer color TV sets, radios, tape-recorders, knitted goods, sports shoes, thermos bottles and other commodities to these countries.

Aimed at promoting trade between Shanghai and the Soviet Union and East European countries, the sample fair provided more than 3,000 exhibits.

UN Delegate Condemns Chemical Weapons

*OW2810021889 Beijing XINHUA in English
0033 GMT 28 Oct 89*

[Text] United Nations, October 27 (XINHUA)—China today called for the early conclusion of a convention on the complete prohibition and thorough destruction of chemical weapons (CW) and the establishment of a CW-free world.

“It is an important objective of China’s foreign policy of peace and a consistent stand of the Chinese Government to strive for a complete prohibition and thorough destruction of chemical weapons at an early date,” Chinese delegate Hou Zhitong told the first committee (political and security) of the current session of the U.N. General Assembly this morning.

The committee began to debate the question of banning chemical weapons today.

Hou said China is a non-CW state which neither possesses nor produces chemical weapons and also does not export chemicals to be used for manufacturing chemical weapons. It “has all along attached great importance to, and taken an active part in, the relevant multilateral international deliberations and the negotiations for a comprehensive ban and thorough elimination of chemical weapons,” he pointed out.

“The complete elimination of chemical weapons and the establishment of a world free of such weapons have become an imperative of our time,” the ambassador

said. "Any formula that is designed to solve only a part of this problem can hardly free mankind from its harm and threat."

Stating China's position on a CW convention, the ambassador said that to ensure the authority and effectiveness of this convention, China has "consistently advocated the stipulation of strict, effective, reasonable, and practicable measures of verification, including challenge inspection."

Commenting on the principle of verification, Hou stressed that verification should be "non-discriminatory" and "all states have equal rights to participate in the process of international verification of agreements to which they are parties."

He also pointed out that "care should be taken to avoid abuses" and "to avoid unduly interfering with the internal affairs of state parties or other states, or jeopardizing their economic, technological, and social development."

Song Jian Meets UN Representatives

*OW2810104789 Beijing XINHUA in English
0909 GMT 28 Oct 89*

[Text] Beijing, October 28 (XINHUA)—Song Jian, Chinese state councillor and minister in charge of the State Science and Technology Commission, met with Shah A.M.S. Kibria, executive secretary of the UN Economic and Social Commission for Asia and the Pacific (ESCAP), and his party here today.

The host and guest reviewed the wide-range and fruitful cooperation between China and the ESCAP in the field of science and technology and expressed the hope to continue the cooperation that is beneficial to both sides.

XINHUA Examines UN Peace Exhibition

*OW3110043989 Beijing XINHUA in English
0059 GMT 31 Oct 89*

[“Feature: Swords or Ploughshares? Arms Race or Human Race? (by Yang Yuehua)”—XINHUA headline]

[Text] United Nations, October 30 (XINHUA)—Looking out from the greenish-blue UN Building, which stands by the East River in the bustling city of New York, one can see incessant streams of cars flowing along the modern highways and leisure boats sailing back and forth on the silvery-rippled river under bright and beautiful sunshine. What a scene of peace.

But in a side hall on the ground floor inside the UN Building, people in groups are seen talking seriously about the week-long exhibition of "War and Peace: From a Century of War to a Century of Peace," presented by the Soka Gakkai International under the sponsorship of the UN Department for Disarmament.

The exhibition "portrays the tragedy and horror of the last two world wars and the escalating madness and

violence that have been a dominant aspect of our age," a guide of the exhibition told the reporter.

On display are also dozens of objects showing the cruelty of the modern wars, such as tiles and glass melted together by the heat of the atomic explosion, over 100 photos of men and women, old and young, who were starved, tortured, wounded, or killed in war, and figures showing the astonishing amount of money spent on building up war machines.

During the First World War, the exhibition shows, 8.5 million people were killed and countless more wounded or crippled. During the Second World War, the total casualties reached 46.46 million, 27 million of them unarmed civilians. What's more, during the post-war period of 44 years, 150 regional wars have broken out, causing an estimated 20 million deaths, the great majority of them civilians.

"Very sad to see these things," a girl in her teens pointed at the photos of charred and burned victims of the atomic bombings of the Japanese cities of Hiroshima and Nagasaki.

The world military spending has reached 15 trillion U.S. dollars in the last 30 years or so, though some 600 million people are still living in absolute poverty in the world today.

And with part of the money spent, the nuclear devices of a total yield of 20,000 megatons have been built, with the capacity to destroy the entire earth 50 times over.

"People are really crazy to spend such an amount of money on arms, while the poor people in parts of the world are still suffering from cold and hunger," said a school principal from Long Island, standing before the pictures showing the imagination-staggering figures: 36 million U.S. dollars are spent by the developed countries within only half an hour, and one nuclear-powered submarine costs 1.4 billion dollars which are enough for a global 5-year child immunization program against 6 deadly diseases, preventing 1 million deaths per year.

For years the international community has been talking about disarmament. But, as Daisaku Ikeda, president of the Soka Gakkai International, says, "The path to total disarmament is thorny and steep," and "the arsenals of the nuclear-armed nations have altered little, though some small results have been made since the Second World War."

The message from the exhibition is very clear: The horror of war still hangs around in the world and the nuclear arms seriously threatens mankind. People from all over the world should be aroused to put an end to the arms race and to get rid of nuclear arms.

Swords or ploughshares, it is the question of "to be or not to be" for mankind. The feeling of the visitors to the exhibition seems to tell, "Let us forge swords into ploughshares and replace the madness of the arms race with the interests of human race."

Further on Asian Trade Conference

Marketing Plan Urged

OW2810155189 Beijing XINHUA in English
1326 GMT 28 Oct 89

[Text] Beijing, October 28 (XINHUA)—A Japanese economist said here today that the west Pacific region is becoming the "base of international industry."

Minoro Kobayashi, director of the Industrial Bank of Japan, told participants at a symposium on economic and trade co-operation between China and the Asian-Pacific Region that he hopes China will begin to draft an expansion strategy in entering the markets of Japan and other developed Asian industrial nations and give full play to its leading role in the region's development.

Minoro said that the first half of the 1990's will see great leaps in west Pacific industry as well as the area's increasing momentum in the world economy.

In presenting the expansion policy of entering the markets of Japan and other developed Asian industrial nations, the economist suggested, China should not only consider the overall condition of the markets but should also make case-by-case studies of different occupations, different commodities and even different ways of entering the market so as to establish a network of sales through which various after sales services are conducted and customers' expectations about new products are accumulated.

Chinese enterprises had been producing goods for the seller's market but the world market is a buyer's one in which the most important principle is to "win the customers' trust," the economist said.

China should not only stress the short-term sales of its products, but should establish "a deeply rooted trust among the customers" in the long run, Minoro explained.

Entering the Japanese market will be "one of the most difficult tasks" facing China, he said.

Commercial Borrowing Planned

OW3010180989 Beijing XINHUA in English
1309 GMT 30 Oct 89

[Text] Beijing, October 30 (XINHUA)—The Bank of China will raise various kinds of commercial loans on the international capital market, a senior banking official said here today.

The deputy-president of the bank, Lei Zuhua, said: "The Bank of China will raise funds in the market at the proper time and on favorable terms."

Addressing a symposium on economic and trade co-operation between China and the Asian Pacific region, he said the bank's business was affected by the June

anti-government riots, but it withstood the test and "will continue its overseas operations and expand business."

About 80 percent of the funds for Sino-foreign economic co-operation and technical exchanges were from Asia and the Pacific, and from Japan, the United States and Hong Kong in particular.

Thus, he said, "we are willing to promote economic development and co-operation in the region, and will pursue a very active policy."

As a bank specialized in foreign exchange and foreign trade, he said, the Bank of China should provide enough money for the country to boost foreign trade.

Since 1979, the bank has granted 1700 billion yuan in loans to businesses manufacturing products for export in a bid to expand exports. It has also provided more than 10 billion U.S. dollars in loans for the technical renovation of about 20,000 projects in the fields of the light and textile industries, machinery, electricity, chemicals, building materials and food.

In the long term, he said, China must rely on exports to earn hard currency to pay for imported goods and repay foreign debt.

Thus, he said, the bank serves as powerful support for businesses engaged in foreign trade and will do its best to accelerate exports.

To attract more foreign investors to China, the bank has in the past 10 years provided more than 1,000 foreign-funded businesses with loans of one billion U.S. dollars and more than two billion yuan.

The deputy-president said that the bank will continue to provide such loans to foreign-funded businesses while improving the investment environment and creating favorable conditions for an export-oriented economy.

Sea Buckthorn Research Center Considered

OW2710061989 Beijing XINHUA in English
0223 GMT 27 Oct 89

[Text] Xian, October 27 (XINHUA)—Over 70 experts from the Soviet Union, Hungary, Finland, China and other countries suggested setting up an International Sea Buckthorn Research and Development Center in Beijing.

They made this suggestion at the first International Sea Buckthorn Academic Exchange meeting held here between October 19 and 23.

According to theses submitted by Chinese experts, sea buckthorn, which can conserve water and soil and is rich in nourishing and medical ingredients, has attracted the government's attention.

Now the planted area of sea buckthorn in China has reached 920,000 ha. As early as in the 1970s, sea buckthorn was planted on the Loess Plateau, a seriously eroded area.

In recent years sea buckthorn has spread at a speed of 60,000 ha per year. Over 150 factories now specialize in producing drinks, jam, cosmetics, medicines and chemical reagents from the plant.

The participants at the meeting also proposed the addition of an English version to the Chinese publication "Sea Buckthorn".

United States and Canada

Nixon Confers With Top Leaders

Meets Deng

*OW3110085589 Beijing XINHUA in English
0837 GMT 31 Oct 89*

[Text] Beijing, October 31 (XINHUA)—China's senior leader Deng Xiaoping said here today he hoped China and the United States would solve as soon as possible the problems that have cropped up in their relations in the past few months, and will reforge their ties for the future.

However, he told former U.S. President Richard Nixon, the U.S. should take the initiative.

Nixon is here as a guest of the Chinese Government.

At the beginning of the 95-minute meeting in the Great Hall of the People, Nixon said that he had visited China on several occasions and was welcomed each time.

Deng said, "It is chiefly because what you have done deserves welcoming." He described Nixon's trip to China in 1972 as "wise and brave," saying that it had changed the long-standing estrangement between China and the United States.

Nixon said that over the past 17 years he has been a close observer of U.S.-China relations. At present, bilateral relations are facing serious tests and statesmen of the two countries should work out ways to restore and boost normal relations.

Deng said this is also China's desire. In the past decade and more, China has not done one single thing harmful to the United States. "But, frankly speaking, the U.S. was involved too deeply in the turmoil and counter-revolutionary rebellion which occurred in Beijing not long ago," he said. "China was the real victim and it is unjust to reprove China for it," he pointed out.

"We hope that China and the United States will solve as soon as possible the problems in their relations and will create a sound basis on which to promote future ties," Deng said. "However, it is up to the United States to take the initiative," he stressed, adding, "The United States is capable of making some initiatory moves."

He continued, "We are all concerned about our own countries, and we handle issues by taking national interest as the highest criterion. We can never forget

state sovereignty and national honor, nor can we do away with national self-respect."

He described non-interference in each other's internal affairs as "very essential" to state-to-state relations. "China will not allow any country to interfere in its internal affairs," he noted.

On domestic issues, Deng told Nixon that stability is an overwhelmingly important task in China. "Without a political situation marked by stability and unity, and without a stable social order we can accomplish nothing in a country with such huge population and poor foundation," he added.

Deng and Nixon also had an in-depth exchange of views on certain major international issues.

Chinese Foreign Minister Qian Qichen was present at the meeting.

Meets Jiang

*OW3110120389 Beijing Domestic Service in Mandarin
1030 GMT 31 Oct 89*

[From the "National Hookup" program]

[Text] Jiang Zemin, general secretary of the CPC Central Committee, met with former U.S. President Nixon at Zhongnanhai this afternoon and had a friendly and in-depth talk with him.

Jiang Zemin extended a welcome to Nixon's visit. Nixon was delighted to be acquainted with the general secretary.

General Secretary Jiang answered Nixon's questions on China's reform and opening to the outside world.

The two sides also exchanged views on Sino-U.S. relations and a series of major international issues.

Foreign Minister Qian Qichen was present at the meeting.

Meets Li Peng

*OW3010191689 Beijing XINHUA in English
1845 GMT 30 Oct 89*

[Text] Beijing, October 30 (XINHUA)—Premier Li Peng met former U.S. President Richard Nixon here today and they exchanged views on the international situation and Sino-American relations.

Reviewing the history of U.S.-China relations, Nixon said the United States and China still have common interests, which can link the two countries.

Li Peng briefed his guest on China's domestic situation and the country's policy for development.

Li said China will not change its policies of reform and opening to the outside world because of the recent turmoil and counter-revolutionary rebellion in Beijing.

He said China views its reform quite differently from some people in the West. China holds that it is self-perfection of the socialist system.

He said: "We believe Marxism because we agree with Marxist attitudes, viewpoints, methods and philosophy. Certainly, Marxism should be combined with China's actual circumstances. But some people in the West think that China's reform means to practise market economy and change public ownership into private. They have misunderstood China's economic policy."

He said China will practise neither a complete planned economy nor a complete market economy. What China is doing is to combine planned economy with market adjustment.

After the meeting, Li hosted a banquet in honor of Nixon.

In his toast, Li, on behalf of the Chinese Government and people, warmly welcomed Nixon on his sixth visit to China.

Li said 17 years ago Nixon, together with the late Chairman Mao and the late Premier Zhou, under very difficult conditions, opened the gate of Sino-American relations, ushering in a new era of relations between the two countries and leading world politics toward a change favorable to peace and progress.

At that time, he said, the two countries had isolated each other for more than two decades. Their political views and ideologies differed sharply. They had serious disagreements on almost all the important world issues.

Under such circumstances, said Li, the leaders of the two countries managed to discern common interests and turn confrontation to co-operation. This illustrated the farsightedness of the two countries' statesmen.

He said Sino-U.S. relations had obviously developed and the world situation had profoundly changed since Nixon's first visit to China in 1972. The old international political and economic order could no longer meet the changed circumstances. "History," he added, "has challenged us with the task of establishing a new international political and economic order."

Li said the post-war history of international relations has proved that there is no place for group politics, power politics, the practice of interfering in another country's internal affairs or for imposing one's own values on others.

There is a place only for the Five Principles of Peaceful Co-existence. Only through peaceful co-existence can the world gain stability; and only by co-operation based on equality and mutual benefit can the problem of development now facing the world be solved.

Li said China and the United States are big nations, and they can work together to further promote the peace and development of the world. To maintain constructive and

good relations between them on the basis of the five principles accords with the interests of the two countries in particular and the people of the world in general.

Li described the growth of Sino-U.S. relations in the past 17 years as on the whole "satisfactory". He said that although there were some twists and turns and problems, the two sides have come through difficult times by joint efforts. This shows that common interests really exist between the two countries and constitute the basic motive force for the growth of bilateral relations.

"Meanwhile," said Li, "we never deny the big differences between the two countries in social systems and ideology."

However, such differences have not hindered the establishment and expansion of their relations, and should not, at present and in the future, become an obstacle to the maintenance and growth of Sino-U.S. relations. The key link was strict adherence by both to the guiding principles on handling mutual relations provided for in the three Sino-U.S. joint communiques.

Li said that at present Sino-U.S. relations are in a difficult situation. "This is not due to us. Nor is it what we want to see. The key to the solution of these difficulties is in the hands of the U.S."

"There is an old Chinese saying—seeking common ground while reserving differences. Provided that both sides follow the principle of mutual respect and non-interference in each other's internal affairs, reserve their own stand on matters where they have differences, and at the same time work together to develop their common interests, difficulties between China and the United States can be readily solved. If the U.S. takes any positive action, the Chinese side will welcome and respond to it."

Li said that today, Sino-U.S. relations are at a crucial point. All leaders and statesmen with foresight should enthusiastically look for ways of overcoming the difficulties. "We are willing to see the restoration and growth of Sino-U.S. relations. But, this is not determined by our side alone."

Li pointed out that at the Fourth Plenum of the 13th Central Committee of the Chinese Communist Party held recently, China formed a new leadership with General Secretary Jiang Zemin at the core. This collective leadership is strong and united. China's political situation is stable.

He said that the reform and open policy started 10 years ago was responsible for significant achievements. Practice has shown that this state policy corresponds with the interests of the people of the whole country and "we will unswervingly implement it."

At present, China's economy is experiencing some difficulties, and the policy that has been adopted is to improve the economic environment, rectify the economic order and deepen the reform.

Li said: "In our implementation of the policy in the past year or more, we have had initial successes. With the joint efforts of the people of the whole country, we can certainly overcome the temporary difficulties and make the national economy grow in a sustained, stable and co-ordinated way. We are fully confident of that."

He said that in developing its economy, China bases itself on self-reliance. But it has always attached great importance to conducting, on the basis of equality and mutual benefit, international economic, technological and trade exchanges, including the importation of advanced technology, managerial experience and a certain amount of funds from other countries.

Although the sanctions imposed on China will cause some difficulties to the economy, they cannot impede its advance. Meanwhile, they will also harm the countries that have imposed them.

In conclusion, Li said that during his current visit, Nixon has had talks with Chinese leaders and peoples from various walks of life on a wide range of topics, and has increased his understanding of China's circumstances. This is helpful to the restoration and expansion of Sino-U.S. relations. He hoped that Nixon's visit to China would prove a success.

In his toast, Nixon thanked Li Peng for his welcome. He said, they meet at a delicate moment in Sino-American relations and must acknowledge their profound differences while realistically identifying and pursuing their common interests.

He said the importance of Sino-American relations and the basis of the relationship are clear. The reasons the two countries must overcome their present difficulties are obvious. They still have common concerns that make co-operation between China and the United States an indispensable element in ensuring the welfare of the two peoples and serving the cause of peace and prosperity in the world.

He said: The challenges before the two countries are enormous, but the opportunities are also great, for together they can help to create an era of unprecedented peace and prosperity for the two peoples.

He said China has enjoyed an extraordinary decade of economic growth. In the 10 years of the reforms Deng Xiaoping initiated in 1979, the per capita income of China has doubled. China will continue its rapid ascent in world affairs.

Foreign Minister Qian Qichen attended the meeting and the banquet.

Meets Li Ruihuan

OW3010154989 Beijing XINHUA in English
1534 GMT 30 Oct 89

[Text] Beijing, October 30 (XINHUA)—Li Ruihuan, a member of the Standing Committee of the Political

Bureau of the Chinese Communist Party Central Committee, had friendly talks on many topics with former U.S. President Richard Nixon here today.

Nixon described himself as a "friend of China"—17 years ago as well as today. He said he is concerned about China and wishes to learn about its policy of reform and opening to the outside world, and the prospects for its development.

Li explained the inevitability of China's reform and open policy from the perspectives of theoretical principles, social development, historical experience, practical circumstances and the wishes of the people.

"We adhere to the socialist system and persevere in reform and opening," he said. "This is our historical choice made after long struggle and the endeavors of many people. It corresponds to the basic principles of Marxism and the requirement of the socialist system. It is also a strategy based on the experiences of construction over the past several decades."

He said it is impossible to carry out reforms without adhering to the socialist system and it is hard to stick to the socialist system without implementing reforms.

He went on: "Of course, reform and opening are a process of gradual perfection. While persevering with reform and opening, we should continue to overcome certain shortcomings and defects, and keep improving."

"Ten years of reform and opening have brought substantial benefits to the Chinese people. To continue to carry out reform and the open policy is the people's desire and an irreversible trend."

HSIN WAN PAO Column

HK3110092089 Hong Kong HSIN WAN PAO
in Chinese 31 Oct 89 p 1

[“New Talk” Column: “Sino-U.S. Relations Not Yet Relaxed”]

[Text] Former U.S. President Nixon is visiting Beijing, and his activities show that the stalemate in Sino-U.S. relations has not been changed.

This is Nixon's sixth visit to China, and is also the most difficult journey. When he paid the first visit to China 17 years ago, Kissinger had paved the way for him to push Sino-U.S. relations to a new stage. This time, relations between the two countries fell to the nadir after the establishment of diplomatic relations, and Nixon tried to find solutions for removing new obstacles to Sino-U.S. relations.

Yesterday, the spokesman for the White House confirmed that before Nixon started for China, he had contacted President Bush and his national security adviser Scowcroft, and the U.S. press also mentioned that Nixon would submit a report about his China trip to Bush after returning home.

In Beijing, Nixon first met with Chinese Foreign Minister Qian Qichen and he also gave a dinner for Ji Pengfei (China's foreign minister during his first visit to China) and some other old friends. Yesterday, he met with Premier Li Peng and CPC Central Political Bureau Standing Committee member Li Ruihuan. The talks between the two sides also entered the substantive stage.

Li Ruihuan and Li Peng both proceeded from China's position of adhering to socialism in their talks with Nixon, but they held that the differences in the social system and ideology should not become an obstacle to the maintenance and development of Sino-U.S. relations. It is noticeable that Li Peng said that "the key for resolving the difficulties in Sino-U.S. relations is in the hands of the United States. If the U.S. side takes any positive action, the Chinese side will welcome it and respond positively."

Nixon acknowledged that a "huge and impassable chasm" exist between China and the United States; on the other hand, he hinted that China needs to be responsive to concerns expressed by various sides.

Obvious differences existed in the speeches by Li Peng and Nixon. The White House spokesman then further expressed the White House's attitude from the other side of the Pacific, announcing that the United States is willing to normalize its relations with China, but the conditions have not become ripe yet.

Nixon's itinerary in China has not come to an end yet. The White House made this statement, which might be a kind of support for Nixon so that he could advance his viewpoints when meeting other Chinese leaders. It is very likely that Nixon will meet with Central Military Commission Chairman Deng Xiaoping, who he met during his previous visits to China. Then, what Deng Xiaoping says will certainly be conspicuous, because he always appraises bilateral or partial relations from the high plain of the world's overall situation.

If normal Sino-U.S. relations cannot be restored in the near future, then things can only be left to the 1990's to be handled by time and the overall situation.

(According to the latest news report, Deng and Nixon met this morning.)

Soviet Union

Border Talks Conclude 31 October

OW3110105489 Beijing XINHUA in English
1030 GMT 31 Oct 89

[Text] Beijing, October 31 (XINHUA)—The fourth round of Sino-Soviet boundary talks were held here between October 20 and 31.

The talks proceeded in an earnest atmosphere, with Vice-Foreign Ministers Tian Zengpei and I.A. Rogachev as heads of the Chinese and Soviet Government delegations respectively.

The two sides discussed a series of questions with regard to the boundary alignment of sectors on which no agreement has been reached, and made some progress.

The two sides agreed to the results of the joint aerial photographic work on the Sino-Soviet boundary in 1988 and 1989.

Both sides pointed out that last May's Sino-Soviet summit is of great significance to both the entire Sino-Soviet relations, and to the boundary talks between the two countries.

The two sides promised to abide by the relevant agreements reached during the Sino-Soviet summit and continue to discuss how to solve the issues which have not been solved in light of the principles with which they had agreed to settle the border issue.

Shenyang, Vladivostok Inaugurate Trade Ties

OW311003389 Beijing in Russian to the USSR
1900 GMT 28 Oct 89

[Text] The ceremonial signing of an agreement on the establishment of economic and trade cooperation and cooperation in other spheres between the Chinese city of Shenyang and the Soviet city of Vladivostok took place in Shenyang on the evening of 27 October.

The agreement envisages the establishment of long-term, stable, and mutually beneficial relations between the two sides in the spheres of economy and trade. A plan was also worked out for long-term cooperation in barter trade, the establishment of joint enterprises on a mixed capital and cooperative basis, the adoption of Soviet contracts by the Chinese side for construction projects, and the provision of Chinese labor services to the Soviet Union.

Northeast Asia

Wu Xueqian Meets Japanese Tourism Delegation

OW3010101789 Beijing XINHUA in English
0910 GMT 30 Oct 89

[Text] Beijing, October 30 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with Takeshi Otani, president of the Japan-China Travel service Co. Ltd., and his party here this afternoon.

They exchanged views on promoting tourism between the two countries.

Liu Yi, director of China's National Tourism Administration, was present at the meeting.

The guests arrived here yesterday.

Southeast Asia & Pacific**Envoy to Philippines Protests Manglapus Trip**

*OW3110124889 Tokyo KYODO in English
1227 GMT 31 Oct 89*

[Text] Manila, Oct. 31 KYODO—The Chinese ambassador to the Philippines lodged a protest with the Foreign Affairs Department Tuesday on the recent private trip of Foreign Affairs Secretary Raul Manglapus to Taiwan, according to Filipino diplomats.

However, Manglapus later told reporters that Ambassador Wang Yingfan had merely paid a courtesy call on Undersecretary Manuel Yan. He insisted that Manila had not violated its One-China policy and that relations between Beijing and Manila remain "very strong and cordial" in spite of news reports that he had visited Taipei.

Filipino diplomats, who declined to be identified, said Wang had presented the Foreign Affairs Department with an aide memoir which included a list of alleged Philippine violations of the One-China policy.

The recent strained relations between Manila and Beijing stemmed from reports that Manglapus made a private trip to Taiwan October 21-23 and met there with his counterpart, Lien Chan.

"We hope that the Government of the Philippines will treasure the fruitful results achieved in Sino-Philippines relations and remain on guard against any schemes of Taiwan ..." Chinese Embassy spokesman Guo Baochang told reporters the same day.

Guo urged Manila to "take effective measures to confine strictly Philippine-Taiwan relations to nonofficial scope so that there will be no recurrence of events detrimental to the Sino-Philippines friendly relations and to the greater cause of the peaceful reunification between the Chinese Mainland and Taiwan."

Manglapus said the Philippines should not be "singled out as a victim of any activity on the part of Taiwan." He said it was "perfectly natural" for Taiwan to "think" of the Philippines since Manila is closest to Taipei geographically.

With an unused, excess capital of 73 billion dollars, Taiwan has been dangling 1.2 billion dollars in development assistance to Southeast Asian countries in exchange for diplomatic recognition.

Manila cut off ties with Taipei in June 1975 when it switched to recognition of Beijing, which is a member of the powerful Security Council of the United Nations. Manila has an economic and trade office in Taiwan while Taipei in return maintains an economic and cultural office in Manila.

In April 1988 Manila adopted a cabinet-level ban after Beijing protested the numerous visits of high-ranking

officials to Taipei, including that of Vice President Salvador Laurel who went there twice.

Ye Fei Meets Philippine Representatives

*OW2810114189 Beijing XINHUA in English
0908 GMT 28 Oct 89*

[Text] Beijing, October 28 (XINHUA)—Ye Fei, vice chairman of the National People's Congress Standing Committee, met here today with a delegation of senior officials from the Philippine parliament.

XINHUA Interviews Khieu Samphan

*OW2810075289 Beijing XINHUA in English
0221 GMT 28 Oct 89*

[Report by Qian Wenrong]

[Text] United Nations, October 27 (XINHUA)—Khieu Samphan, president of Democratic Kampuchea Party, has reiterated that his party and the Kampuchean resistance force as a whole are very eager to reach a comprehensive political solution to the Kampuchean problem.

In a recent exclusive interview with XINHUA, Khieu Samphan, who is also the vice president of Democratic Kampuchea, said the negotiation on the Kampuchean issue will resume if the Vietnamese show their willingness to accept Prince Sihanouk's five-point peace plan, especially the two key aspects of the plan—the withdrawal of all categories of Vietnamese forces from Kampuchea under U.N. verification and control, and national reconciliation through the formation of an interim quadripartite government headed by Prince Sihanouk.

He stressed that only an interim quadripartite government in which all the four parties including the Vietnamese-backed Heng Samrin-Hun Sen faction enjoy equal rights, can there be a free and democratic election, a national reconciliation in Kampuchea and a balance of forces.

However, he said, the Vietnamese have rejected the two key points at the Paris conference.

If the Vietnamese are sincere in withdrawal from Kampuchea, they have no reason to fear the UN verification and have no reason to reject the national reconciliation, he pointed out.

What the Vietnamese want, he said, is to legalize and maintain their puppet regime in Phnom Penh so that they could be allowed to continue their occupation of Kampuchea through the puppet regime and the one million Vietnamese settlers.

Khieu Samphan said the resistance forces are compelled to continue their fighting due to the fact that the Vietnamese have not withdrawn from Kampuchea. At least two divisions of the Vietnamese regular army, the 309th

division and the 330th division, still remain in Kampuchea and are fighting in Battambang Province, northwest Kampuchea, in the disguise of Phnom Penh puppet soldiers.

Commenting on the draft UN resolution on Kampuchea now circulated among UN member states for consultation, Khieu Samphan said this draft resolution is a good one. Because first, it asks the UN General Assembly to declare invalid the unverified Vietnamese self-announced "total withdrawal" from Kampuchea, second, it maintains that the Vietnamese withdrawal must be carried out under UN verification and control, and third, it calls for national reconciliation among all Kampuchean under the leadership of Prince Sihanouk.

The draft resolution is expected to be put to vote at the plenary session of the General Assembly after it completes the debate on the Kampuchean question on November 15.

Khieu Samphan hoped and believed that an overwhelming majority of UN member states will support this draft resolution.

"We are confident that during the 44th General Assembly session, an overwhelming majority will exert stronger pressure on Vietnam to accept a comprehensive political solution," he said.

Referring to the future of Kampuchea, Khieu Samphan reaffirmed that in the future, Kampuchea should be a neutral country with what he called "a liberal democratic regime with a multi-party system."

"We have worked out with Prince Sihanouk and the other two partners of our coalition government a draft constitution after Vietnamese withdrawal, which is based on the Fifth French Republic," he said.

Such a neutral and liberal democratic Kampuchea will have good relations with all countries, including Vietnam, on the basis of the five principles of peaceful coexistence, he added.

Commentary Doubts Vietnam's Cambodia Withdrawal

HK3010100889 Beijing JIEFANGJUN BAO
in Chinese 14 Oct 89 p 4

[Commentary by Tang Tianri (0781 1131 2480): "The Facts Cannot Be Covered Up—Commenting on Vietnam's So-called 'Complete Troop Withdrawal' from Cambodia"]

[Text] The Vietnamese authorities recently launched a propaganda campaign on the issue of its troop withdrawal and particularly emphasized two points: First, they stressed that the "final batch of Vietnamese troops" had been withdrawn from Cambodia by the end of last month and the "complete troop withdrawal" plan had thus been fulfilled. So they wantonly attacked some countries which doubted this. Second, they stressed that the remaining problem in Cambodia is to get rid of the

threats from the Khmer Rouge, and demand that the countries concerned stop giving military assistance to the three patriotic forces in Democratic Kampuchea. They tried to make people believe through this propaganda campaign that all the Vietnamese aggressive troops had been withdrawn from Cambodia and the war in Cambodia was thus a "civil war." Is this true?

As people know, the so-called "final troop withdrawal" was carried out by Vietnam without any international supervision. Vietnam unanimously announced that it had withdrawn "the last batch of troops," including ground, naval, and air forces totaling 26,000 people. Plus the 24,000 troops who returned home earlier, a total of some 50,000 troops were withdrawn from Cambodia. That was the "complete troop withdrawal" in 1989 alleged by Vietnam. As a matter of fact, however, the number of Vietnamese troops stationed in Cambodian was far greater than this figure which was deliberately shrunk. As the military leaders of the three resistance forces in Cambodia verified, Vietnam stationed 108,000 regular troops in various battlefields in Cambodia and dispatched another more than 100,000 armed personnel in various forms into Cambodia. These Vietnamese military personnel were mingled under some disguise in the troops of the Cambodian puppet regime or were assigned to the government organs or enterprises in Cambodia. Armed militia were also organized among the Vietnamese immigrants. That is to say, even after Vietnam fulfilled the so-called "final troop withdrawal" plan as it alleged, a large quantity of Vietnamese armed forces still remained in Cambodia. Some Western reporters who were invited by the Vietnamese to observe the situation in some areas said that they witnessed circles made by the Vietnamese military vehicles carrying some soldiers. They recognized some familiar faces among the withdrawing troops in Battambang after seeing them at the farewell ceremony in Siemreap. In the two northwest provinces where combats were most fierce, no sign showed that any Vietnamese tank and artillery units would retreat. In Kompong Chhnang, the Vietnamese troops did not move at all. In Kompong Som, at least one Vietnamese naval division was always stationed, but it was announced that 700 people would be withdrawn. After the Vietnamese authorities announced the designations of the military units that had been withdrawn from Cambodia, military units with the same designations could still be found inside Cambodia. On 3 October, a senior official of the Cambodian resistance forces told some Thai reporters that about 80,000 regular Vietnamese troops were still staying in Cambodia. Among them, the 339th Division was still stationed in Pursat Province, and the 330th Division remained in Siemreap Province. In the northern region, the 302d, 307th, and 315th Divisions of the Vietnamese troops remained in their original barracks. Vietnam only withdrew a small number of troops from Stung Treng and continued to station 7,000 soldiers from the 307th and 315th Divisions in Stung Treng. In addition, the Cambodian resistance forces were still fighting with the

309th Division of the Vietnamese troops in the north-west region. According to this senior official of the resistance forces, the resistance forces recently captured five Vietnamese soldiers in a battle in the western region. This fact was also affirmed by the spokesman for the Foreign Ministry of Thailand.

All the above-mentioned facts fully show that Vietnam did not really withdraw all its troops from Cambodia, and did not give up its attempt to control and occupy Cambodia. The so-called "complete troop withdrawal" about which Vietnam made a big fanfare was only an old trick that they played to deceive other people. They tried to take this as an excuse to describe the Cambodian War as a "civil war" which has no relation to them. Thus, the international community would have no reason to continue to provide assistance for the resistance forces of Democratic Kampuchea, and Vietnam would be able to continue to keep its Armed Forces in Cambodia overtly or covertly and continue its occupation of Cambodia.

At present, the three resistance forces in Cambodia are united in fighting against the Vietnamese aggressors, and all justice-upholding countries in the world are continuously supporting the Cambodian people's antiaggression struggle. This situation remains unchanged. The three parties of Democratic Kampuchea unanimously agreed that the so-called "complete troop withdrawal" carried out by Vietnam was sheerly a fraud. They all indicated that so long as the Vietnamese troops remain in Cambodia, they will continue their fight. The ASEAN countries have drafted a motion on the Cambodian issue and asked the current UN General Assembly to announce that Vietnam's self-proclaimed complete troop withdrawal from Cambodia was invalid. This draft resolution pointed out that any troop withdrawal without the supervision and verification of the United Nations would not be in line with the scheme for the all-round political solution for the Cambodian issue and thus would not bring real peace to the Cambodian people and would not enable the Cambodian people to really freely exercise their self-determining right. The resolution demanded that Vietnam really withdraw all its troops and that a four-party provisional coalition government headed by Prince Sihanouk be set up. This represented the common voice in the international community. The Vietnamese authorities can now only select one option, that is, to completely withdraw all Vietnamese troops from Cambodia. The practice of trying to cover up the truth and playing some small tricks will never succeed in hoodwinking anyone.

Shenzhen Mayor Meets Thai Vice Premier

HK3110073389 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 27 Oct 89

[Text] Li Hao, mayor of Shenzhen City, met with and feted Thai Vice Premier Phichai Rattakun and his party, and personages from Thai industrial and commercial circles accompanying Phichai on his China visit, at Shenzhen's Yinhu Tourist Center yesterday evening.

On behalf of the government and people of Shenzhen City, Mayor Li Hao accorded a warm welcome to the visit of the distinguished guests from Thailand. He said: "The friendship between Chinese and Thai people goes back to ancient times." He hoped that Sino-Thai friendship and cooperative relations would develop continuously.

Vice Premier Phichai also delivered a warm and enthusiastic speech. He praised highly the achievements scored by Shenzhen Special Economic Zone. He said: "Without visiting Shenzhen, one would not believe that it could develop so fast." He continued that his current visit has strengthened the friendship between Chinese and Thai people and that no force on earth could deter the development of their friendship.

Burma Delegates Return From Visit Here, Singapore

OW3010131689 Beijing XINHUA in English
1127 GMT 30 Oct 89

[Text] Yangon (Rangoon), October 30 (XINHUA)—A Myanmar (Burmese) goodwill delegation led by Lieutenant General Than Shwe, member of the State Law and Order Restoration Council (SLORC) and commander-in-chief (Army), returned here this afternoon after a friendly visit to China and Singapore.

During its stay in China, the delegation toured Beijing, Shijiazhuang, Nanjing, Shanghai and Guangzhou.

Chinese Premier Li peng met the visitors when they were in Beijing.

The delegation was met at the Yangon Airport by General Saw Maung, SLORC chairman and the Yanmar prime minister, other SLORC members and government ministers as well as Chinese Ambassador to Myanmar Cheng Ruisheng.

Further on Western Samoan Premier's Visit

Meets Guangdong Governor

OW2910152089 Beijing XINHUA in English
1430 GMT 29 Oct 89

[Text] Guangzhou, October 29 (XINHUA)—Governor of Guangdong Province, Ye Xuanping, hosted a banquet in honor of Tofilau E. Alesana, prime minister of Western Samoa, and his party here this evening.

Tofilau and his party visited the Shenzhen Special Economic Zone soon after arriving here Saturday.

Returns Home

OW3110115389 Beijing XINHUA in English
0918 GMT 31 Oct 89

[Text] Guangzhou, October 31 (XINHUA)—Tofilau E. Alesana, the prime minister of Western Samoa, wound up his one-week official good-will visit to China and left here today.

Prior to his departure, Wu Shaozhu, chairman of the Chinese Government reception committee and minister in charge of the State Physical Culture and Sports Commission, conveyed to Tofilau a telephone message from Chinese Premier Li Peng.

In his message, Li congratulated Tofilau on his successful visit to China and asked him to give best wishes from the Chinese leaders to Malietoa Tanumafili II, head of state of Western Samoa.

Li expressed his belief that through joint efforts, the friendly relations of cooperation between the two countries on the basis of the Five Principles of Peaceful Co-existence will be further developed.

Tofilau said he could see through the visit that the relationship between the two governments is established on the basis of the Five Principles of Peaceful Co-existence and that a sincere friendship has been forged between the two peoples.

The visit to China has left him a deep impression, he added.

Tofilau and his party arrived here October 28.

Sub-Saharan Africa

Pan African Official Discusses Apartheid
OW3110115089 Beijing XINHUA in English
0705 GMT 31 Oct 89

[“PAC Calls for Demolition of Political Pillars of Apartheid System (By Quian Wenrong, Yan Yuehua)”—XINHUA headline]

[Text] United Nations, October 30 (XINHUA)—The apartheid system of South Africa will not be changed until the five fundamental political pillars of the system are demolished, Gora Ebrahim, secretary for foreign affairs of the Pan Africanist Congress (PAC) of South Africa told XINHUA today.

Ebrahim, who is attending the U.N. General Assembly here, was commenting on South African President de Klerk's so-called five-year reform program.

He said in an exclusive interview that de Klerk's reform program does not make any change of the notorious five political pillars of the apartheid system, which include:

- The Population Registration Act under which everybody after his birth must be classified according to the race,
- The Native Land Act of 1913 which stipulates that 87.3 per cent of the total land area is for white occupation, but only remaining 12.7 per cent for blacks who account for four-fifths of the country's population,
- The Bantu Education Act which specifically aims at creating subservient human beings, and

—The Tricameral Parliamentary System (the white, the colored and the Indian) and the Bantustans, or Black Homelands.

Ebrahim pointed out that the South African racist regime is now compelled to declare the so-called reform program only because it is now facing “a serious internal crisis due to the resistance of the people inside the country” and “feeling the effects of the international sanctions imposed on it,” and especially faced with unprecedented debt of \$29 billion, \$12 billion of which is due for payment by July 1990.”

So, he said, all what the racist regime is doing, including the release of some political prisoners and permit of holding peaceful mass rallies, is aimed at looking for rescheduling the debt payment and easing the international sanctions, but not eradicating the five pillars of the apartheid system. Ebrahim emphasized: “The apartheid system cannot be reformed and therefore de Klerk's plan of reform in no way satisfies the legitimate aspiration of the people.”

He said the PAC maintains that the struggle in South Africa must continue. Until these five political pillars are eliminated, “there can be no basis for genuine negotiations and for the establishment of a genuine non-racial democratic society.”

Gora Ebrahim, who lived in China in the 1960's as PAC representative, is going to join the five-man PAC delegation led by its Chairman Johnson Mlanbo to visit China next Saturday.

West Europe

Ministry Calls French Media Actions ‘Subversive’
OW3110104889 Beijing XINHUA in English
1032 GMT 31 Oct 89

[“Chinese Foreign Ministry Protests French News Medias Delivering Subversive Propaganda Material to China”—XINHUA headline]

[Text] Beijing, October 31 (XINHUA)—A senior Chinese Foreign Ministry official today lodged a protest with the French Government against its connivance and support of French news media in delivering subversive propaganda material to China by collaborating with fugitives from China.

A leading member of the Department of West European Affairs of the Chinese Foreign Ministry lodged the protest here today while meeting by appointment with Mr. Ning Chesnel, minister-counsellor of the French Embassy in China.

In the course of making the representations, he pointed out that on October 26, the French magazine “ACTUEL” transmitted subversive propaganda material into Chinese territory by fax.

"This is an undisguised act of subversion against China conducted by French news media, with the connivance and support of the French Government and in collaboration with Chinese fugitives from their base in Paris through modern means of information technology," the official said.

"I have been instructed to lodge a protest against the French Government for conniving at and supporting this hostile act against China in total disregard of the representations made by the Chinese side," the official said.

He also pointed out that although the French Government had indicated on many occasions that it would not allow fugitives from China to carry out any political activities against the Chinese Government on French territory, it had actually failed to earnestly fulfil this commitment.

The Chinese side requested the French Government to set store by the relations between the two countries, make a resolute change in its present course by immediately outlawing the so-called Federation for Democracy in China, prohibiting any activities carried out on French territory against the Chinese Government by Yan Jiaqi and other Chinese fugitives, and stop the anti-Chinese activities instigated by French news media, he said.

NPC Vice Chairman Meets U.K. Parliament Group

*OW3110085989 Beijing XINHUA in English
0751 GMT 31 Oct 89*

[Text] Beijing, October 31 (XINHUA)—Ngapoi Ngawang Jigme, vice-chairman of the Standing Committee of China's National People's Congress (NPC), met here today with a delegation from China group of the British Parliament led by Robert Adley, chairman of the group.

The delegation has toured Beijing, Lhasa, Chengdu and Kunming since it arrived in China on October 23.

FRG Firm Wins Shanghai Pipeline Contract

*OW3010181189 Beijing XINHUA in English
1604 GMT 30 Oct 89*

[Text] Shanghai, October 30 (XINHUA)—The Zublin AG. Company of West Germany has won the pipeline contract for the Shanghai sewerage scheme, one of the largest municipal construction projects in China's leading industrial city.

The Zublin AG. Company is the first Western firm to win one of the 22 contracts for the project.

The Shanghai International Tendering Company organized the bidding. A special appraisal committee of experts from the World Bank and the city awarded the contract. It calls for the construction of a pipe 2,082 meters in length and 3.5 meters in diameter.

The project is estimated to cost 40 million yuan (13.5 million U.S. dollars) and the West German firm will use the patented "pipe jacking" technique to build the pipe.

Of the previous eight international tenderings for the sewerage project, two bids by Japanese companies were successful.

The city will call international tenders for a civil construction project and an electric machinery project for the sewerage scheme before the end of the year.

Tianjin Ships Make Regular Calls in Cyprus

*OW3110042389 Beijing XINHUA in English
0042 GMT 31 Oct 89*

[Text] Limassol, Cyprus, October 30 (XINHUA)—A 15,000-ton freighter "Fu Qing Shan" from the Tianjin sub-company of the China Ocean Shipping Company (Cosco) was anchored at this southern Cypriot port today on its way to West Europe, to have 51 containers unloaded.

It was the second Cosco cargo ship that has made a stopover at Limassol port this month. Two weeks ago, the other Cosco freighter had 15 containers unloaded there.

Under an agreement between Cosco and the Cyprus Port Authority, Cosco cargo vessels now make regular stopovers at the Limassol Port every month, bringing containers from China and the Far East to Cyprus or its neighboring countries.

As from the beginning of 1990, there will be three Cosco vessels visiting the Limassol Port each month.

Chinese cargo ships used to make irregular stopovers at Cyprus ports.

Beijing Reception Marks Turkish National Day

*OW3010093189 Beijing XINHUA in English
0826 GMT 30 Oct 89*

[Text] Beijing, October 30 (XINHUA)—B.N. Simcir, Turkish ambassador to China, gave a reception at the embassy here today to celebrate the 66th anniversary of the proclamation of the Republic of Turkey.

Lei Jieqiong, vice-chairman of the Standing Committee of China's National People's Congress, and diplomatic envoys of various countries to China attended the reception.

Political & Social

Central Committee Work Conference Held 30 Oct

HK3110020489 Hong Kong WEN WEI PO in Chinese
31 Oct 89 p 1

[Report: "Central Work Meeting Held Yesterday To Prepare for the Fifth Plenary Session of the CPC Central Committee"]

[Text] Beijing, 30 Oct—The Central Work Conference was formally held here today. This is a meeting to make preparations for the forthcoming 5th Session of the 13th CPC Central Committee; therefore, it can be considered as a preparatory meeting for the fifth plenary session of the Central Committee.

The conference will concentrate on domestic economic problems, and the fifth plenary session to be held thereafter will adopt resolutions on the economic problems and economic policies.

Members of the CPC Central Committee Political Bureau and Secretariat, and responsible members of the Central Advisory Commission, National People's Congress, State Council, all major military area commands, provinces, municipalities, and autonomous regions attended the conference.

NPC Standing Committee Meets 30 Oct

Meeting Summarized

OW3110022789 Beijing XINHUA Domestic Service
in Chinese 1319 GMT 30 Oct 89

[“Local Broadcast News Service”]

[Text] Beijing, 30 Oct (XINHUA)—Some members of the National People's Congress [NPC] Standing Committee took the floor at a full session of the 10th meeting of the 7th NPC Standing Committee this afternoon to comment on certain issues being examined.

Chairman Wan Li attended the session, which was chaired by Vice Chairman Xi Zhongxun.

The meeting began with a report given by Song Rufen, vice chairman of the NPC Law Committee, on the views expressed by some members concerning revision of the draft law governing assemblies, parades, and demonstrations and the draft law governing the organization of residents' committees in cities.

In his speech, entitled "We Must Promote an Agriculture Compatible with the Ecology," Yang Jike said: Ecological problems have caused a crisis confronting mankind. Preventing environmental pollution and maintaining ecological balance are our basic national policies. We should make no more mistakes in understanding the importance of the environmental issue as we did 20 years ago in understanding the population issue.

Wang Houde said: The Supreme People's Court, Supreme People's Procuratorate, and Ministry of Supervision have accomplished a great deal of work in combating corruption and punishing those who accepted bribes, and their initial successes should be fully acknowledged. We should not, however, overestimate our successes because the problems are still very serious and the struggle is still a very formidable one. Certain deeply hidden crimes have not yet been exposed, and the handling of certain major cases has encountered great resistance. The results in screening companies, especially large companies, are still not fully clear. The legal responsibilities of law offenders still have to be ascertained. I propose that, while proceeding with economic construction, reform, opening to the outside world, and developing the commodity economy, we should continue to intensify our ideological and political work and the work in the procuratorial and public security departments, and do our work strictly in accordance with law.

Liu Yandong said in her speech: For the sake of the future of the state, the nation, and socialism, each and every one in our party and society should cultivate common understanding of the need to bring up successors to the revolutionary cause of the proletariat and fully understand and properly treat our young people by cherishing them and setting strict requirements on them. We must soberly realize that young people today will shoulder the historical burden of building a modern socialist society in China. This being the case, we should not allow any storm to rock our party's flesh-and-blood ties with young people, or the party's faith in young people. Liu Yandong proposed that the work of educating young people to become successors who are imbued with lofty ideals and socialist ethics, are educated, and have a sense of discipline should become a national policy. She also proposed to create a good social environment for young people by bringing into play the main roles played by the Communist Youth League, the All-China Youth Federation, the All-China Students' Federation, and the Young Pioneers.

Draft Demonstration Law Revised

OW3010163689 Beijing XINHUA in English
1619 GMT 30 Oct 89

[Text] Beijing, October 30 (XINHUA)—Members of the Standing Committee of the Chinese National People's Congress (NPC) today further discussed and revised two draft laws on mass rallies and demonstrations and the organization of urban neighborhood committees.

Song Rufen, vice-chairman of the NPC Law Committee, said at the 10th Session of the Standing Committee of the Seventh National People's Congress that members believe that the two laws have been revised well. They agree to approve them at the current session.

The 16th Article of the revised version of the draft law on mass rallies and demonstrations says: "Staff in state administrations cannot organize or take part in rallies

and demonstrations against the laws, regulations, policies and decisions of the state."

Some members suggest that it be revised to read: "Staff in state administrations cannot organize or take part in rallies and demonstrations against relevant laws and regulations."

In accordance with the opinions of some members, the draft version has added "military organizations", "broadcasting stations" and "television stations" to the list of units setting temporary security lines.

According to the revised version, a police officer has the power to take the necessary measures to disperse demonstrators if they hold rallies and demonstrations against the law and ignore a command to disperse.

It says that those who do not obey the command will be liable to immediate arrest. The police may legally use weapons when they disperse demonstrators.

Some members suggest that the law should not be enforced until it has received adequate advance publicity.

Corruption Struggle Discussed

*OW310135489 Beijing XINHUA in English
1311 GMT 30 Oct 89*

[Text] Beijing, October 30 (XINHUA)—Seven members of the national People's Congress (NPC) Standing Committee spoke today on the anti-corruption struggle and other issues.

At a full session of the ongoing meeting of the NPC Standing committee, Wang Houde said the anti-corruption drive waged since August 15 has achieved very good results and won the support of people throughout society.

However, he cautioned that the results of the drive must not be over-estimated.

He said some well-hidden economic criminals have yet to be dug out; the handling of some serious cases of graft, bribery and speculation has encountered many obstacles; the effect of the screening of companies, especially some large companies, is not quite clear, and the culpability of some criminals has yet to be determined.

He urged the NPC and its Standing Committee to fully support and closely supervise the country's judicial, procuratorial and supervising departments in pursuing their efforts to a successful conclusion.

Standing Committee member Yang Jike said the control of environmental pollution and maintenance of the ecological balance are preconditions for agricultural development.

Another Standing Committee member, Yang Lieyu, suggested that the Lushun Peninsula in northeast China's Liaoning Province be built into an international center of science and culture.

Li Chonghuai pointed out that many problems exist in procedures for bidding for contracts. He urged that appropriate laws be promulgated.

Standing Committee members Wu Daqun and Liu Yandong spoke on the importance of enhancing China's overseas publicity and the education and training of young people.

NPC Standing Committee Meets 31 Oct

New Demonstration Law Passed

*OW3110120289 Beijing XINHUA in English
1134 GMT 31 Oct 89*

[Text] Beijing, October 31 (XINHUA)—The Demonstration Law of the People's Republic of China was passed here today at the closing session of the 10th meeting of the Standing Committee of the Seventh National People's Congress (NPC).

The ratification of this new law is aimed at protecting citizens' legal rights to gather, parade, and demonstrate while safeguarding social stability and public order, according to the law, which also went into effect from today.

Citizens should observe the Constitution and laws when exercising their right to gather, parade, and demonstrate, it spells out, and they should neither go against the basic principles of the Constitution, nor infringe upon the interests of the state, society collectives, or the legal rights and freedoms of other citizens.

Demonstrations should be carried out peacefully and in accordance with the law. Arms and explosives are strictly forbidden, and acts of violence or incitement to violence are prohibited.

Written applications should be submitted to the local police or other competent authorities beforehand whenever citizens intend to hold demonstrations.

The responsible departments should inform the applicants in writing whether the demonstration is permitted or not two days prior to the date of such a demonstration. In the case of denial of permission, reasons for such denial must be clearly given. Any delay in replying to applications will be regarded as permission.

Demonstrations will not be permitted if they go against the basic principles set out in China's Constitution, infringe upon the country's reunification, sovereignty or territorial integrity, or incite national separatism. In addition, demonstrations threatening public security or social order are also outlawed.

No state employee is allowed to organize or take part in any gathering, parade, or demonstration if such action conflicts with his or her terms of employment.

The police are empowered by law to take any necessary measure to disperse unlawful gatherings, parades, and demonstrations.

The Demonstration Law is also applicable to foreigners in China who want to hold demonstrations. Moreover, without permission from the relevant departments, foreigners will not be allowed to join any demonstration, gathering, or parade organized by Chinese citizens.

Meeting Closes

OW3110122789 Beijing XINHUA in English
1213 GMT 31 Oct 89

[Text] Beijing, October 31 (XINHUA)—The tenth meeting of the Seventh National People's Congress (NPC) Standing Committee closed here this afternoon after adopting a law on mass rallies, processions and demonstrations.

Containing 36 articles in five chapters, the law covers general principles, application for and approval of such gatherings, methods of holding them, legal responsibilities and supplementary articles.

The draft law was submitted to the eighth and ninth meetings of the Seventh NPC Standing Committee for deliberation, and it was published nationwide to solicit public opinions.

The law will become effective from the day it is published.

Presided over by Wan Li, chairman of the NPC Standing Committee, the meeting passed the reports submitted by six NPC special committees on the handling of motions put forward by NPC deputies during this year's NPC annual session.

The meeting decided that Szeto Wah and C.M. Lee, two members of the Hong Kong Basic Law Drafting Committee from Hong Kong, shall no longer participate in the drafting work of the committee until they abandon their antagonistic stand toward the Chinese Government and their attempt to nullify the Sino-British Joint Declaration on Hong Kong.

The decision was made in line with a report to the NPC Standing Committee meeting by Ji Pengfei, chairman of the drafting committee, on committee personnel changes.

The meeting also decided on a number of appointments and removals.

Further on Fates of Prodemocracy Figures

Dai Qing Reportedly Released

HK3110104089 Hong Kong AFP in English
1030 GMT 31 Oct 89

[Text] Beijing, Oct 31 (AFP)—A journalist and scriptwriter who played leading roles in China's seven-week

pro-democracy movement have recently been released from police custody, sources said Tuesday.

They said 43-year-old Dai Qing, a journalist for the intellectual GUANGMING DAILY, and one of the most vocal proponents of freedom of the press, had been arrested in mid-July and kept in a secret location but was released near the beginning of October.

Also recently released was Wang Luxiang, the co-author of the film "River Elegy," which drew rapt television audiences in China but was condemned by hardline government figures as an "insult to the Chinese nation."

The four-hour documentary traced what it judged to be the mainly negative influence of traditional Chinese culture on China's modernization efforts.

The film's other co-author, Su Xiaokang, one of China's best-known dissidents, has since left the country and lives in France.

The sources said Ms Dai is now under house arrest and has been forbidden to talk publicly or engage in any political or professional activities.

Mr Wang has been released under similar circumstances, a source close to him said.

The "River Elegy," whose broadcast was supported by former Communist Party chief Zhao Ziyang, endured scathing government attacks after it was televised including at least 40 critical articles in the PEOPLE'S DAILY.

The series also provoked a stormy fight between Mr Zhao, who was forced to step down in June, and Chinese vice-president Wang Zhen, a hardline leader, sources said.

Ms Dai was denounced on the front page of her former newspaper on September 13 and accused of having threatened to leave the Communist Party if the Army was sent in against the protesting students.

She was also one of the first organizers of petitions by intellectuals and journalists at the early stages of the movement, which was violently crushed by the Army on the night of June 3-4.

Ms Dai is the adopted daughter of the governor of Guangdong Province, Ye Xuanning, who himself is the son of Marshal Ye Jianying, who played a decisive role in the arrest of the "gang of four" after Mao Zedong's death in 1976 and in the rise to power of senior leader Deng Xiaoping.

Further on Dai Qing Release

HK3110011189 Hong Kong HONGKONG STANDARD
in English 31 Oct 89 p 1

[By Wu Zhong]

[Text] Dissident journalist Miss Dai Qing, who was arrested shortly after June 4, has been released on bail, Chinese sources have told THE HONGKONG STANDARD.

Miss Dai, an outspoken reporter on the official GUANGMING DAILY who wrote articles critical of the authorities, was active in the amnesty movement for political prisoners in February and March.

She also acted as a mediator between the government and students.

On June 5, Miss Dai presented notice of her withdrawal from the Communist Party in protest at the June 4 massacre. Shortly afterwards, police took her away "for interrogation."

Since then Miss Dai has come under fire in the official media. And in a report to the National People's Congress Standing Committee, Beijing Mayor Chen Xitong accused her of being a conspirator in the "counterrevolutionary rebellion."

Chinese sources now say Miss Dai was released on bail last month.

They said she was the first of the many intellectuals and students arrested after June 4 to be released.

The sources also said that the former director of the Tianjin Municipal Commission for Foreign Trade and Economic Relations, Zhang Wei, who resigned from the post in protest, was now an ordinary research fellow in the Tianjin Academy of Social Sciences. Earlier reports said he had been arrested.

Writer Jailed in Shanghai

HK3110062489 Hong Kong AFP in English
0610 GMT 31 Oct 89

[By Patrick Lescot]

[Text] Shanghai, Oct 31 (AFP)—One of China's leading liberal writers, Wang Ruowang, has been jailed in Shanghai for advocating the democratization of China, Chinese sources here said.

Official comment on Mr. Wang's imprisonment was unavailable, but if confirmed it would be the first time since the 1966-76 Cultural Revolution that a prominent Chinese writer has been jailed for political reasons.

No legal action against the 72-year-old Shanghai native has been announced, despite repeated attacks in the official press accusing him of fueling last spring's pro-democracy movement and "plotting" against the Communist Party leadership.

"It's an important test for the regime. The imprisonment of a writer for his ideas is a serious step which could only have been decided in the upper echelons of the regime," a Western diplomat said.

Li Ziyun, vice chairwoman of the China Writers' Association, told Agence France-Presse that it was "possible" Mr. Wang had been jailed, but added that she was not in a position to divulge such information.

But reliable Chinese sources here said the Shanghai writer had been arrested and jailed.

"Wang Ruowang was arrested more than a month ago on orders from Beijing after having been given relative freedom of movement" from June to September following the martial law crackdown on the pro-democracy movement, a party official who requested anonymity said.

"We don't know the fate of the people arrested. Even their families don't know where they are and have to go to the police station to deliver mail and tend to affairs," the official said.

Mr. Wang was kicked out of the Communist Party amid wide publicity in January 1987 along with China's leading dissident, Fang Lizhi, who has been given asylum in the U.S. Embassy in Beijing since June.

Mr. Wang had been a member of the Communist Party since 1937.

The 1987 purge against advocates of "bourgeois liberalism," unwanted Western ideas particularly democracy, was followed by the ouster of party chief Hu Yaobang, who in 1978 led the rehabilitation of "rightist" intellectuals persecuted since the 1950s.

Asked whether the Writers' Association would rally behind Mr. Wang, a former member of the official group, if he was put on trial, Ms. Li said: "If it seems to be a judicial problem and he is charged with criminal activities, that is out of our domain."

Mr. Wang, who has had most of his works published in reviews, became well known in the early 1980s with his theory of Marxism's "alienation" of the people and by calling for a reestablishment of humanistic values.

During the pro-democracy movement in Beijing he backed protesting students in Tiananmen Square. A leading advocate of the democratization of China, Mr. Wang has called for the complete abandonment of the Communist Party.

He was recently castigated in Shanghai's official press for having said of the pro-democracy movement: "I am very happy. It is a wonderful sight. The long-awaited day has finally arrived."

Several hundred dissidents have been arrested here since June and the authorities have taken over an unidentified hotel to house those detained, a reliable Chinese source said.

Fake Newspaper Condemned

*OW3110111389 Beijing XINHUA in English
1043 GMT 31 Oct 89*

[“Yan Jiaqi and His Like Condemned for Faking PEOPLE'S DAILY OVERSEAS EDITION”—XINHUA headline]

[Text] Beijing, October 31 (XINHUA)—The “THE PEOPLE'S DAILY” newspaper today carried an editorial by the Paris-based newspaper, “THE EUROPEAN TIMES,” denouncing Yan Jiaqi and his like for faking the overseas edition of “THE PEOPLE'S DAILY.”

On September 15, Yan Jiaqi and his “Federation for Democracy in China” began to forge a newspaper and call it “THE OVERSEAS EDITION OF THE PEOPLE'S DAILY,” namesake of the legitimate one published by China, in a bid to confuse the public and launch a propaganda campaign against the Chinese Government.

The editorial, entitled “Such ‘Best Minds’, Such Dirty Means,” said that apart from the usurped name, heading and headlines of the Chinese newspaper, the so-called “OVERSEAS EDITION” is full of fabrications, rumours and slanders against the Chinese Government.

It pointed out that Yan Jiaqi and his like, usurping the good reputation of the PEOPLE'S DAILY, simply wanted to confuse the international opinion and to lead not-so-well-informed foreigners to believe that China's anti-government forces are strong enough to control a major newspaper and that the Chinese Government is not stable.

One of their other aims, the editorial said, is to smuggle the forged paper into China to spread rumours and to stir up turmoil in China.

The editorial added that the so-called “elite of the democratic movement,” who fled abroad after their failure in the counter-revolutionary rebellion in Beijing on June 4, are nothing but political scoundrels, ignorant of legal system and democracy, but yearning for the Western style of life.

Now they are making every effort to please the reactionary forces both abroad and in Taiwan since they have their shelter in the West. Can China benefit from what “the elite” have done? [punctuation as received] the editorial asked.

Li Ruihuan Meets Literary, Art Workers
*SK2810031789 Tianjin TIANJIN RIBAO in Chinese
8 Oct 89 p 1*

[Text] Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee, cordially held a discussion with press workers and literary and art workers of our municipality on the morning of 7 October. He encouraged press workers and literary and art workers to be modest and prudent, and

make unremitting efforts to develop press work, make socialist literature and art flourish, and reach a new level on the basis of the achievements already scored.

Attending the discussion were Tan Shaowen, secretary of the municipal party committee; Nie Bichu, deputy secretary of the municipal party committee and municipal acting mayor; Huang Yanzhi, Fang Fang, Li Jianguo, and Fang Fenyou, leading comrades of the municipality; and Xie Guoxiang, director of the Propaganda Department of the municipal party committee.

Responsible persons, editors, and reporters of our municipality's press units and the press units of other areas stationed in Tianjin, and noted writers, painters, performing artists, and actors and actresses from the literary and art circles sat and had heart-to-heart talks with the leading comrades to express their reluctance to part with Comrade Li Ruihuan. Comrade Li Ruihuan's opening remarks were humorous. He said: My returning to Tianjin this time is like a married daughter returning to her parents' home. The period for a married daughter to visit her parents' home is often longer than as predetermined. After returning to Tianjin, I always found I had endless work to do. The major purpose of today's discussion is to hear your opinions, suggestions, demands, and even criticism of press work and literary and art work. Please talk freely.

Li Ruihuan's remarks enlivened the atmosphere of the discussion. The participants aired their views frankly and sincerely, and talked cheerfully.

Yuan Jing, writer of children's literature; Yang Runshen, veteran writer; Zhao Lu, vice chairman of the federation of literary and art circles; Fan Zeng, painter; Feng Jicai, Hang Ying, Jiang Zilong, and Liu Xi, writers; and Cong Lin, deputy director of the Press and Publication Bureau, spoke at the discussion. They aired their views on publication and creation of literary works, norms for literature and art, and improvement of literary and art workers.

Li Ruihuan heard their opinions, took notes, and answered their questions. Speaking on publication of literary works, he said: It is a common problem that writers have difficulties in having their books published. Some books, including some very valuable books and books that can serve as an education, are published in small amounts, are low-priced, and cannot make money. Publication of such books is therefore difficult. Measures should be adopted, and economic policies formulated to support and subsidize the publication of good books that are beneficial and valuable but cannot make money. Pornographic books and journals should be resolutely banned.

Speaking on the norms for appreciating literature and art, Li Ruihuan pointed out: I think that it is necessary to continuously adhere to the orientation of making literature and art serve the people and socialism, and the principle of letting a hundred flowers blossom and a hundred schools of thought contend. We should allow

the existence and development of the literary and art works of different styles and schools on the premise that the four cardinal principles are not violated, just as we let people who want to eat pepper eat pepper and those who want to eat tomatoes buy tomatoes. We should never negate a certain work or a certain form of art on the basis of the personal taste and interest of some leading persons. We should resolutely oppose and correct the literary and art works and performances that publicize bourgeois liberalization, and should support the popular literature and art that have national characteristics and are loved by the masses. We should proceed from the needs of the masses and society, and strive to satisfy the people's needs in their spiritual and cultural life.

Comrade Li Ruihuan said sincerely: Many of our literary and art workers here are very influential and occupy a certain position nationwide. This is your honor. You celebrities of literary and art circles should show more concern for politics, and continue to improve your political level. The party's policy on literature and art has not changed, nor has the policy on intellectuals.

People attending the discussion were greatly inspired after hearing Comrade Li Ruihuan's speech. Wang Yuqing, Kong Xiangyu, Huang Boshou, and Luo Yusheng, celebrities of literary and art circles, also vied to speak first. They expressed the determination to make more contributions to developing socialist literature and art.

Li Fu, chief editor of JINWAN BAO [THIS EVENING NEWS]; Zhang Hongfei, secretary of the leading party group of the radio and television bureau; Cao Qi, deputy director of the television station; and Jia Jinshi from the office of ZHIBU SHENGHUO journal [PARTY BRANCH LIFE] also spoke one after another. They talked about how they meditated, in retrospect, after the turmoil and rebellion, how they corrected the political orientation of press work, and how they maintained the unity of party spirit and affinity to the people.

Li Ruihuan said: Tianjin's press circles played a significant role in checking the turmoil and stabilizing Tianjin's stable and united situation. Tianjin Municipal party committee's guidance to work, and its propaganda and education on party's principles and policies were spread to the masses through newspapers, and radio and television broadcasts. To correctly perform its functions, truly serve the masses, and be accepted by them, the media should bear closely in mind the party's principles and policies, and the desires of the masses. Party leaders depend on newspapers and broadcast stations in giving guidance to work, and newspapers and broadcast stations should also depend on party leadership. Party spirit and affinity to the people should have unity. In carrying out press work, we should uphold party spirit and principles, and should oppose and criticize adoption of views on bourgeois liberalization.

Li Ruihuan concluded: Tianjin's situation is good, and Tianjin's propaganda and cultural circles are influential nationwide. Everyone should remain modest and prudent, and work unremittingly to make progress with all-out efforts in order to achieve a new level in Tianjin's propaganda and cultural work.

Nationwide Study of Jiang Speech Continues

Writers, Artists Meet

HK3010013089 Beijing RENMIN RIBAO in Chinese
21 Oct 89 p 2

[XINHUA report: "Forum of Writers and Artists To Discuss Jiang Zemin's Speech"]

[Text] Beijing, 20 Oct (XINHUA)—What character should our literature and art have? Should the orientation of serving the people and serving socialism be maintained in our literature and art? This is a fundamental question in the development of literature and art in our country. On 18 October, the Literature and Art Bureau of the CPC Central Propaganda Department held a forum of writers and artists to study Comrade Jiang Zemin's speech for marking the 40th anniversary of the founding of the PRC. The comrades attending the forum unanimously agreed that our literature and art must hold the banner of socialism high, and that all comrades in the literary and art circles should boost their spirits, be united, and act in unison to make contributions to the prosperity of literature and art in our country.

The forum was chaired by Liang Guangdi and Li Zhun of the Literature and Art Bureau. Liang Guangdi first said: We must fully realize the great significance of Comrade Jiang Zemin's speech and deeply understand the essence and spirit of this speech. We should carry forward the revolutionary style of study of integrating theory with practice and the fine tradition of criticism and self-criticism, take Comrade Jiang Zemin's speech as an ideological weapon and the guide for action, enhance our ideological consciousness, oppose bourgeois liberalization, and make our socialist literature and art flourish.

At the forum, the participants said that after studying Comrade Jiang Zemin's speech, they were all very excited and felt greatly inspired. The speech gave significant guidance to our work in literature and art. Not only is the part of the speech directly dwelling on literature and art and on the building of spiritual civilization, but the entire speech, is of great significance in guiding our literary and art work. Some comrades also made sincere self-criticism against their erroneous behavior in the political storm in the course of studying the speech, and they were warmly encouraged and welcomed by other comrades. The whole forum was of a serious, frank, and warm atmosphere.

The comrades attending the forum pointed out: Comrade Jiang Zemin's speech made it clear that "the establishment, consolidation, and development of the

socialist system manifest the objective regularity of the modern social movements in China and represent the greatest and most profound change in China's history," and this also provides the most profound and most thoroughgoing theoretical foundation for the existence and development of the socialist literature and art and strongly refutes all sorts of ideas that doubt the rationality of the existence of the socialist literature and art. A major demonstration of bourgeois liberalization in the field of literature and art was some people's attempt to deny the socialist character of the dominant part of literature and art in our country. We must firmly uphold and maintain the socialist character and orientation of our literature and art with perfect assurance. At the same time, we should also cool-headedly rethink: Although Comrade Xiaoping repeatedly opposed spiritual pollution and opposed bourgeois liberalization in recent years and the central leadership made relevant decisions several times, why were these instructions and decisions not effectively implemented? Did bourgeois liberalization exist in the field of literature and art? Was the situation serious? Was the struggle against bourgeois liberalization given up halfway or excessively expanded to an extremist degree? Was the struggle a principled struggle or merely some interpersonal conflicts or factional reprisals? All these are principled questions that all writers and artists should seriously think of in the course of studying the speech.

Comrade Jiang Zemin pointed out in his speech: "The sharp antagonism between the four cardinal principles and bourgeois liberalization at present is, to a large extent, focused on the question of whether or not in the reform and opening up we should persist in the orientation of socialism." The comrades attending the forum, while linking this issue with the actual conditions in the field of literature and art in recent years, agreed that the struggle over this issue was also very intense in the literary and art circles. People who stuck to the position of bourgeois liberalization also flaunted the banner of reform and opening up, but they in fact tried to negate the four cardinal principles and deviated from the orientation of "serving the people and servicing socialism." The so-called "reform and opening up" they called for was completely separated from, and even antagonistic against the four cardinal principles. They totally negated the revolutionary tradition in our literature and art since the May 4 Movement, totally negated China's national culture, and called for wholesale Westernization or a shift to capitalism. What they advocated was completely different from our reform and opening up under the premise of the four cardinal principles. This is a principled issue and the right must be clearly distinguished from the wrong.

The forum participants also discussed the part of Comrade Jiang Zemin's speech about "using Marxism and socialist ideology to guide the work of the theoretical, propaganda, educational, journalist, publishing, literary, and art departments; to occupy the ideological, cultural, and opinion positions; and to enrich the cultural lives of

the masses." They pointed out: The struggle against bourgeois liberalization is a long-term and arduous task. We should not be content with the expression of our attitude once or twice in the study sessions or with some ritualist empty talk. Instead, we must consciously resist the corrosive influence of the ideological tide of bourgeois liberalization. We should set to rights the base of theory, and the pressing task of the moment is to reestablish the prevailing atmosphere of studying Marxism-Leninism and Mao Zedong Thought and make an effort to raise the theoretical level of Marxism.

The forum participants pointed out: The international reactionary forces have never given up their attempt to subvert our state and have never given up their basic position of being hostile to the socialist system in China and in other parts of the world. Numerous facts in history and at present show that the struggle between infiltration and anti-infiltration, between subversion and antisubversion, and between peaceful evolution and resistance to peaceful evolution is always existent, and will continue to exist. Our literature and art can play many functions, including the aesthetical function, the cognitive function, and the recreational function. In the struggle against peaceful evolution and in the struggle to resist the corrosive influence of the reactionary and decadent bourgeois ideas, literature and art should also play an important role. Our literature and art should serve the people and serve socialism. It should therefore play a role in resisting peaceful evolution and defending socialism.

Wang Renzhi, director of the CPC Central Propaganda Department, also attended the forum and gave a speech. He said: In recent years, bourgeois liberalization existed to a serious degree in the field of literature and art. If bourgeois liberalization is not checked and if its influence in the field of literature and art is not eliminated, our socialist literature and art will not really flourish, and there will not be a real situation in which a hundred flowers are blossoming and a hundred schools of thought are contending. At the same time, we should vigorously encourage and support outstanding literary and art works. Opposing liberalization and eliminating its influence will only help clear the way for the flourishing development of literature and art, so we must also make effort to discover more good works and give them encouragement and support. It is more important to create more new outstanding works so as to promote the flourishing development of literature and art and to satisfy the people's needs in their cultural lives. He particularly stressed: The role of the literary and art workers should be brought into full play, and the ranks of literary and art workers should be further expanded. Only a very small number of people stubbornly stuck to the position of liberalization. Comrades who uttered some erroneous remarks and created some erroneous works should be warmly helped and united. Most comrades made mistakes only because they were not clearly aware of some facts. Through study and rethinking, they themselves will be able to distinguish right from wrong.

and will make advances in a better way. It is hoped that these comrades will not take their previous mistakes as a load on their minds. At the same time, we should believe that the party will also realistically and correctly approach these problems. Comrades in the literary and art circles should be united and join hands in fighting against bourgeois liberalization and making contributions to the development of socialist literature and art.

Comrades attending the forum and making speeches included Zhou Weizhi, Wu Xue, Malaqinfu, Mei Weizai, Zheng Bonong, Wu Taichang, Ma Liangchun, Wu Yuanmai, Fang Jufen, Tian Hua, Wang Futang, Yang Jinting, Han Ruiting, Zhang Chenhuan, Ding Zhenhai, Qiao Fushan, and Cheng Daixi. Comrade Chen Yong delivered a written speech. Recently, the China Federation of Literary and Art Circles and the Chinese Writers' Association also held forums to study Comrade Jiang Zemin's speech.

Propaganda Workers Hold Forum

HK3010051089 Beijing RENMIN RIBAO in Chinese
20 Oct 89 p 2

[XINHUA report: "CPC Propaganda Department Holds Forum of Theoretical Workers in Beijing To Study Jiang Zemin's National Day Speech"]

[Text] Beijing, 19 October (XINHUA)—On 18 October, the Theoretical Bureau of the Propaganda Department of the CPC Central Committee invited some theoretical and propaganda workers in the capital to discuss Comrade Jiang Zemin's speech at the meeting marking the 40th anniversary of the founding of the PRC. All experts and scholars at the meeting held that Comrade Jiang Zemin's speech is not only a programmatic document unifying the ideology of the whole party and guiding the current work, but is also important theoretical literature in the history of the development of socialism.

At the forum, China People's University professor Cheng Hangsheng said: Comrade Jiang Zemin's speech is permeated with the main line of upholding the socialist road from beginning to end. He said: If China wants to achieve the four modernizations, it should uphold the socialist road. It is not possible to fulfill the people's wish for common prosperity by practicing capitalism; it will lead to a situation whereby the bourgeoisie, which consists of a small number of people, is fattened with the sweat and toil of the people. He said: A characteristic of bourgeois liberalization is to advocate absolute individual freedom and oppose all intervention from the government. If the situation goes on in this way, China will never be able to solve the problem of great population pressure and employment, and the four modernizations will also be out of the question.

Lu Zhichao, deputy secretary-general of the Chinese People's Political Consultative Conference, said: In his speech, Comrade Jiang Zemin has largely reiterated the series of lines, principles, and policies laid down since the 3d Plenary Session of the 11th Central Committee including

the 12th and 13th CPC National Congresses, and corrected the mistakes of deviating from the party's lines and principles for some time. Therefore, this can be regarded as a thorough overhaul. He said: Our party has never vacillated in socialism. Currently, the world is in a period of peace and development. Under such circumstances, it is easy for people to slacken their vigilance and efforts in the ideological struggle. In fact, the subversion and antisubversion, penetration and antipenetration, "peaceful evolution" and antievolution between capitalism and socialism have never been eased. Against such a major international background at present, Comrade Jiang Zemin's speech is of more particular significance.

Professor Wang Jue of the Central Party School said: Comrade Jiang Zemin's speech has unified the ideology of the whole party in terms of theory and practice. It has a clear objective in mind. He said: Currently, we should stress drawing a clear demarcation line between socialist reform and opening up on the one hand, and reform and opening up of the bourgeois liberalization type on the other. He said: Theoretically speaking, upholding socialist reform and opening up means upholding the basic nature of socialist production relations and reforming the concrete forms in production relations which restrict the development of the production forces. If the basic nature and fundamental system of socialism are changed in the name of reform and opening up, this is reform and opening up of the capitalist type. He said: In his speech, Comrade Jiang Zemin said that we cannot divide the current improvement and rectification from deepening the reform. This is of more realistic significance. For some time in the past, the reform in our country has been concentrated on decentralization of power and concessions in profit-sharing and on microflexibility. This is correct. However, macroscopic control has been insufficient. The aim of rectification and improvement is to strengthen macroscopic regulation and control so that they can coordinate with microflexibility. This is both rectification and reform.

Professor Zhao Yao of the Central Party School said: In his speech, Comrade Jiang Zemin put forward the need to carry out protracted struggle against "peaceful evolution." This is a very important issue. Internationally, the forces hostile to socialism carried out the "principles of containment" in the 1920's, put forward the strategy of "peaceful evolution" in the 1950's, and have put forward the strategy of "beyond containment" recently. This illustrated that they have never given up their basic stand of being hostile to, and subverting the socialist system. Moreover, most socialist countries are built on the basis of backward economies. This, plus the mistakes they have committed in their work, makes it impossible to bring into full play the superiority of the socialist system. Economically, there is still a big difference between these socialist countries and the developed countries. Therefore, all socialist countries are facing the problem of how to uphold socialism. Many socialist countries are carrying out reform for the purpose of speedily developing the productive forces. Under such circumstances, the

forces hostile to socialism will certainly try to put the reform onto the track of capitalism in order to achieve the objective of "peaceful evolution." Currently, an adverse current in the direction of "peaceful evolution" has appeared in the international socialist movement, therefore, carrying out the struggle against "peaceful evolution" is a major event for determining the history and destiny of the socialist system.

Jiang Siyi, deputy commandant of the Academy of Military Sciences said that the People's Liberation Army [PLA] shoulders the double functions of opposing invasion externally and opposing subversion internally and that it is particularly important to recognize the importance of the PLA in the current major international climate. We should firmly and unshakably uphold the principle of the party commanding the gun and the leading position of the party in the Army. This is not contradictory to the fact that the PLA is the state's armed force.

At the end of the forum: Jin Huiming, director of the Theoretical Bureau of the Propaganda Department of the CPC Central Committee said: Comrade Jiang Zemin's speech is not only of important significance to our country's reform and opening up and the building of socialism with Chinese characteristics, but also of major international significance given the major international background that major capitalist countries recklessly advocate "peaceful evolution" in a vain attempt to subvert the socialist system. He hoped that, in the course of seriously studying Comrade Jiang Zemin's speech, the comrades in the propaganda and theoretical circles would deeply study, elucidate, and propagate the series of important theoretical views put forward in the speech, so that the study of the speech can be raised to a higher level.

Workers, Peasants Party Leaders Meet
HK2910054089 Beijing RENMIN RIBAO in Chinese
23 Oct 89 p 4

[XINHUA report by reporter Liu Erning (0491 1422 1337): "Central Committee of the Chinese Workers' and Peasants' Democratic Party Holds a Seminar To Discuss Multi-Party Cooperative System Under the Leadership of the CPC"]

[Text] Xian, 22 Oct (XINHUA)—The Central Committee of the Chinese Workers' and Peasants' Democratic Party held a seminar in Xian on its own building on 16-22 October. The seminar summed up basic experiences of the Workers' and Peasants' Democratic Party in its own building, calling on comrades of the whole party to strengthen the rallying and centripetal force of the party, and to promote its solid building under the leadership of the CPC.

Comrades participating in the seminar maintained that without the leadership of the CPC, it is impossible for the Workers' and Peasants' Party to follow a correct political orientation; and that there would be no the

Workers' and Peasants' Party of today. Any attempt to follow the Western-type multi-party system does not conform with China's national conditions, and the interests of the Workers' and Peasants' Democratic Party as well. History has fully shown that the multi-party cooperative system under the leadership of the CPC is vigorous, promising and has bright prospects.

The seminar pointed out: The Workers' and Peasants' Democratic Party must draw a lesson from the previous mistake of relaxing ideological and political work, and fully realize the importance, urgency, and protracted nature of the ideological and political work. In the future, it must persist in grasping ideological and political work with both hands to ensure that the Workers' and Peasants' Democratic Party will advance forever along the correct political orientation.

The seminar urged the vigorous strengthening and building of the leading bodies at all levels, and making great efforts to solve the problem of replacing the old with the new with regard to the building of the leading bodies. Leading bodies at all levels must be built into a staunch collective which resolutely supports the four upholds, and reform and opening up, persists in close cooperation with the CPC, and has a certain mass basis, and the capability to carry out social activities. These bodies must stick to the principle of paying attention to both ability and political integrity, and giving prominence to political stand, and ideological and moral quality. Regarding the so-called dissidents who are ideologically influenced by bourgeois liberalization, and bear a grudge against the CPC, and those who have bad ideological and moral characters, they must not be promoted to the leading bodies of the Workers' and Peasants' Democratic Party.

Lu Jiaxi, chairman of the Central Committee of the Workers' and Peasants' Democratic Party, made a written statement at the seminar. Vice Chairmen Fang Rongxin, Yao Jun, Zhang Shiming, Tian Guangtao, and others attended the seminar.

College Criticized for Unauthorized Enrollment
HK2910061689 Beijing RENMIN RIBAO in Chinese
24 Oct 89 p 2

[XINHUA report: "Xian Engineering College Is Criticized by the State Education Commission for Increasing Enrollment Without Authorization"]

[Text] Beijing, (XINHUA)—The Xian Engineering College seriously violated the relevant state policies in enrolling new students this year. The college enrolled students for in a diploma class without authorization. Recently, the State Education Commission issued a circular on seriously handling this case.

The circular of the State Education Commission pointed out: In July this year, the Xian Engineering College decided to set up a 2-year diploma class outside the state plan without the approval of the upper authorities and to

enroll students who would pay full tuition fees themselves. The college also arranged the curriculum for the diploma class. In the enrollment prospectus issued to other provinces and cities about student enrollments outside the state plan, it was stipulated that "after a student completes all courses in the curriculum and passes the examinations, he will receive a diploma issued by the college." Through investigation, it has been found that the six departments and one basic learning section of this college all set up such diploma classes this year. They enrolled students from Shaanxi, Jiangsu, Henan, Shanxi, Gansu, Xinjiang, and Hubei. Students majoring in arts had to pay 1,000 yuan each year; and students majoring in science had to pay 1,100 yuan each year. In order to enroll more students, the college promised to pay 30 yuan to a unit which recommended one student. It has been found that the college enrolled 421 students above the quota assigned by the state.

The State Education Commission thus decided:

First, the Xian Engineering College must immediately wind up all diploma classes set up this year outside the state plan, and must be responsible for handling the aftermath. Second, this college has no authority to issue diplomas and degree certificates on its own until 1991, and all diplomas and degree certificates issued by this college in this period must be validated with the notarization of the Higher Education Bureau of the Shaanxi Provincial Government. Third, it is proposed that the Ministry of Machine-building and Electronics Industry take disciplinary action against those who were directly responsible for the authorized enrollment case.

The Ministry of Machine-building and Electronics Industry has decided to give an administrative warning to the dean of the Xian Engineering College.

Commentator's Article on Pornography Crackdown
*OW3010224489 Beijing GUANGMING RIBAO
 in Chinese 23 Oct 89 p 1*

[Unattributed GUANGMING RIBAO comments or's article: "It Is Necessary To Carry on in Depth and for a Sustained Period of Time the 'Campaign To Crack Down on Pornography'"]

[Text] Recent efforts have yielded preliminary results in the "campaign to crack down on pornography." The vast numbers of the reading public are more satisfied comparatively now because the rampant spread of "spiritual narcotic drugs" and "cultural garbage" has been checked and because the publication and audio and video cassette market has become cleaner. The relatively noticeable results achieved in the current "campaign to crack down on pornography" is due primarily to three very important reasons: 1. the principal responsible party and government comrades in all areas have acted directly to ensure the fulfillment of the task; 2. all sectors of society have been mobilized; and 3. the departments concerned

of the Public Security Ministry, the People's Procurate, the People's Court, industrial and commercial sectors, customs, frontier guards, and cultural and publications sectors have made concerted efforts, as a result of which a "crackdown on pornography" campaign and force has been formed in society from the higher levels down to the grass roots. This is in addition to the decisive condition of a political climate opposing bourgeois liberalization. This case also shows us that any matter on which the masses have a common concern, on which they demand some actions, and for which there is a solution, the party and government are quite capable of successfully handling it provided their minds truly have been made up.

While positively affirming the preliminary achievements scored in the "campaign to crack down on pornography" in the initial stage, we must be aware that the campaign has just begun and that quite a number of problems and difficulties remain to be solved. It is necessary for the party committees and governments at all levels to overcome the tendency to relax for a little while, to be firmly prepared mentally for a long-term struggle, and to continue to provide sound and concrete guidance in a bid to promote the "campaign to crack down on pornography" so as to enable it to be carried on in depth and for a sustained period of time to come.

The "campaign to crack down on pornography" must be carried out in depth. Though a large number of pornographic books, magazines, and video tapes have been confiscated during the initial stage, some continue to be circulated among various corners of society and be owned privately by some people. Certain major cases have yet to be tried. Some deeply concealed elements that produce and sell "pornography" have not been ferreted out. The work to consolidate publications and distributing units and, in particular, the self-employed bookstalls, and to improve the administration of the cultural market has just begun. Vigorous efforts are still needed to rectify the abominable societal phenomena of prostitution, gambling, and drug taking, all of which are related to the "pornographic narcotic drugs." It is necessary for leaders to act directly to solve these problems, one by one, in a timely manner; otherwise, we will find it difficult to consolidate the results achieved in the "campaign to crack down on pornography." Taking advantage of the opportunity to carry out the "campaign to crack down on pornography" in depth also will be conducive to launching an all-out crackdown on the abominable social phenomena and waging the struggle to consolidate public order.

The "campaign to crack down on pornography" must be carried on for a sustained period of time. Domestic and international experiences show that it is impossible for the campaign's achievements to remain for all time. The campaign has to be stressed frequently and repeatedly and it must be launched several times a year. The situation is comparatively tense at the present stage. Those bad guys who produce and sell "pornography" usually hide and wait for the next opportunity or change

their methods and practices. Once the heat has been turned off, they surely will stage a comeback. Therefore, we must maintain our vigilance and make unremitting efforts to persist in the "campaign to crack down on pornography."

The key to whether or not the "campaign" can be carried on in depth and for a sustained period of time lies in leadership. It is necessary for the party committees and governments at all levels to deepen their understanding of the importance and role of the "campaign" and work hard to study how to address the "campaign"-related problems which most urgently need solution. Laws and regulations governing the administration of the publications and audio and video market must be formulated to systematize and standardize the work of the "campaign." The importance of reading good books and boycotting pornographic books, magazines, and video tapes must be stressed to youths and especially to middle and primary school students in both urban and rural areas. This is one of the most important and most effective forms of social supervision. It is necessary to further arouse the initiatives of the broad masses of intellectuals in the cultural and publications front to work hard to ensure that creative writing flourishes. Necessary economic policies must be drawn up to support serious and high-class works of art and literature as well as publications. We must occupy the cultural sphere with spiritual products that are healthy, beneficial and pleasing to the people in order to satisfy the cultural needs of the broad masses.

Commentator Hails Deng Book Publication
*OW3110113689 Beijing GUANGMING RIBAO
in Chinese 27 Oct 89 p 1*

[GUANGMING RIBAO commentator: "Congratulating the Publication of 'Deng Xiaoping on Literature and Arts'"]

[Text] "Deng Xiaoping on Literature and Arts" was edited 2 years ago, but the book could not be published at that time because of the obstruction of Bao Tong, who had power over certain things. The book was finally published after the turmoil was checked, the counterrevolutionary rebellion quelled, and a central leadership, with Comrade Jiang Zemin as the core, was set up by the 4th Plenary Session of the 13th CPC Central Committee. The publication is a matter for rejoicing.

Excerpts of articles and speeches made by Comrade Deng Xiaoping on literature and arts between 1975 and 1989 are collected in the book. The book also includes a number of carefully chosen theses by him on adhering to the four cardinal principles, persisting in reform and opening to the outside world, and building socialism with Chinese characteristics; on the building of spiritual civilization and tasks on the ideological front; on knowledge, talented people, and intellectuals; and on overcoming interferences and opposing erroneous tendencies. "Deng Xiaoping on

Literature and Arts" explains the position, role, and historical mission of the literary and artistic front in the great systems engineering project of building a distinctively Chinese socialism. His thinking on literature and arts is a component of the theory of building socialism with Chinese characteristics.

Proceeding from China's national condition and the reality of China being in the initial stage of socialism, Comrade Deng Xiaoping takes an unequivocal stand in upholding the basic principles of Mao Zedong's thinking on literature and arts, boldly abandons certain conclusions unsuitable for the reality of the new era, and draws a new summation based on the fundamental principles of the Marxist theory on literature and arts.

Comrade Deng Xiaoping points out: "We should continue to uphold Comrade Mao Zedong's principles of making literature and arts serve the broadest masses of people, most of all, workers, peasants, and soldiers; of letting a hundred flowers blossom and a hundred schools of thought contend; and of weeding through the old to bring forth the new and making foreign things serve China and the past serve the present." He also points out: We should discontinue the slogan of subordinating literature and arts to politics although it is impossible to separate literature and arts from politics. He exhorts the whole party to help create the conditions for writers to prosper and undertake literary and artistic projects according to the characteristics and developmental law of literature and arts. Comrade Deng Xiaoping believes that before educating the people, writers should be educated by the people because "the people are the mother of literary and artistic workers." Besides, Comrade Deng Xiaoping also gives incisive expositions on studying Marxism to stress the social benefit [she hui xiao guo 4357 2585 2400 2654] of literary and artistic works; on drawing the style, theme, plot, and language from the people's life; on moulding the image of new socialist people; on absorbing all merits of Chinese and foreign, past and present, artistic techniques to enhance artistic expressions; on broadening the road of literature and arts with an aim to accomplish the four modernizations; and on correctly carrying out literary and artistic criticisms and allowing criticisms and counter-criticisms.

Comrade Deng Xiaoping's expositions on literature and art uphold and develop Mao Zedong's thinking on literature and art. By conscientiously studying Comrade Deng Xiaoping's thought and theory on literature and art, party committees at all levels and leaders of cultural work will be able to make themselves qualified commanders on literary and art fronts. Writers and artists will be able to find the correct orientation for raising the ideological and artistic level of their work, thereby turning out more and better literary and artistic work for the people. "Deng Xiaoping on Literature and Arts" will also be good teaching material for training and cultivating young Marxists on literary and art fronts.

Comrade Deng Xiaoping's important expositions on the issues of literature and art constitute a guiding principle for enriching and developing socialist literature and art with Chinese characteristics and also constitute an ideological weapon for resisting and repudiating erroneous ideas of all descriptions. They constitute an ideological weapon for opposing bourgeois liberalization and recognizing its origin, development, and potential harm under the present circumstances.

When bourgeois liberalization began to emerge after the "gang of four" had been smashed, Comrade Deng Xiaoping reminded the whole party that it should pay attention to this trend of thought. He emphatically criticized this trend of thought when he put forward the four cardinal principles. Since then, Comrade Deng Xiaoping pointed out on many occasions that "in our country, to go in for bourgeois liberalization is to take the capitalist road" and that to spread spiritual pollution is "to harm the country and the people." Comrade Deng Xiaoping also criticized more than once the so-called "democrats," out-and-out egotism, national nihilism, anarchism, abstract humanism, human values, the theory of "alienation" from socialism, the concept of looking upon money as superior to all things as well as pornographic, low-class, and indecent movies and publications, decadent foreign ideas, and bourgeois ways of life. Studying Comrade Deng Xiaoping's expositions in conjunction with the turmoil and the counterrevolutionary rebellion that occurred between the spring and summer of this year will benefit us profoundly.

The publication and distribution of "Deng Xiaoping on Literature and Arts" is a great event for the political and ideological front in our country and is also a very important matter for literary and art circles. We should study and implement it in order to usher in the spring of literature and art of a new period.

Article Cites Motives of Turmoil Participants

HK2910092889 Beijing JIEFANGJUN BAO
in Chinese 10 Oct 89 p 3

[Article by Fan Yinhua (5400 0603 5478) and Wang Shunchuan (3769 7311 5307): "On 'Intentions' and 'Results'"]

[Text] People's motive is the psychological propensity to achieve a certain objective when they are taking certain action, and is the direct factor that affects people's behavior and the consequent results. In general, a good motive will lead to a good result. But this is not always the case. Sometimes, a motive may lead to the opposite result, and a good motive may lead to a bad result, as people often say that "people with good intentions may do something wrong." During the turmoil in the capital in a previous period, most students and ordinary people involved cherished some good wishes, or their motive was good. It was regrettable that they did not accept the advice of the party and the government and were used by some people with ulterior motives. As a result, things

moved to the opposite side of their wishes. When the new school year began, some students in Qinghua University who participated in the hunger strike said in the study sessions that they cherished the desire to punish corruption and promote democracy and did not expect the adverse results of their activities.

Why did a good motive sometimes not lead to a good result? The reason is rather simple. When people have a good motive, they only have an expected objective on "the other side," and they still have to achieve the objective through practice and action by adopting correct methods and ways. Otherwise, they will never be able to reach "the other side of the ideal." In the previous period, although some young students had a good intention, they took illegal action and adopted the form of "mass democracy," and this enabled a small number of people with ulterior motives to engineer a counterrevolutionary rebellion. Thus, things developed in the opposite direction. What a profound lesson this was! Some comrades used to say: "We have a clear conscience as our intention was good." They did not realize that people with good intentions may also do something wrong. They should not use the good intention as an excuse to neglect or cover up the evil results of the turmoil and the rebellion; instead, they should seriously learn a lesson from this event.

As for whether the motive is good or not, this is not something that one can judge for themselves but should be tested in practice. If a mediocre doctor only tries to make the waist of a hunchback straight and does not care about his safety, can he stress his good motive? This is also the same for people who try to check corruption and promote democracy. If they take extremist actions which result in disrupting the people's unity and the people's normal study, work, and living order and even provide opportunities for a small number of bad people for their anti-party and antisocialist activities, don't they act in the same way as the mediocre doctor?

Appointments System Reform Faces Problems

HK2810034889 Beijing CHINA DAILY in English
26 Oct 89 p 4

[By Yao Yu]

[Text] The professional positions appointment system, a reform of China's conventional methods of managing professionals, has reached a crossroads from which it will either continue to promote the initiative of Chinese professionals or be aborted.

The reform, which began in 1986, stipulates that professional positions must be well defined according to actual needs. Those eligible for these positions should be approved by evaluation committees and appointed by the administrative leadership. Set terms are established for these positions and position holders receive special salaries during their terms.

The new system has been viewed as an advance over the previous professional titles appraisal system. Under the older system, the professional title was no more than a reflection of one's professional or social status, did not necessarily correspond to a certain professional post and could be retained all one's life.

The current professional position combines one's professional rank and specific duties, and its limited term of office ended the earlier practice of lifelong enjoyment of this professional status. These changes were aimed at fortifying professionals' sense of responsibility and offering them more opportunities to use their talents.

Since the implementation of the new system, 800,000 people have attained senior professional titles and have been appointed to senior professional positions, and about 5 million people to mid-level positions—nine times and 3.3 times the figures in 1983 respectively. In the first round of the appointment work, 6 million professionals in the country got a pay rise.

In addition, the new system has enabled more young and middle-age professionals to assume important positions. This has somewhat improved the age structure of the country's professionals.

As a result, the enthusiasm and creativity of professionals have been stimulated to a higher degree, thus speeding up developments in teaching, scientific research and production.

However, with the passage of time, problems have arisen in the new system, leading it astray in many aspects.

Due to inadequate preparation in both theory and concrete measures, it has been very difficult to complete the transition from the titles appraisal system to the positions appointment system in a single bound. The current practice actually takes account of both the evaluation of a person's professional level and his appointment according to the need.

Therefore, contradictions have emerged. Since the number of professional positions within a unit is limited, many professionals in those talent intensive units fail to obtain corresponding professional positions as well as professional title. In those units short of qualified professionals, however, standards for the evaluation and appointment are often lowered so that many incompetent people are promoted just to full up the openings.

The designers of this reform originally hoped that the new system would be an incentive to the greater mobility of talent and competitiveness so that talent would be more efficiently distributed. So it is now very disturbing for them to see how their good intentions have miscarried.

The root cause lies in the fact that the current state administration and traditional ways of thought do not allow an appropriate social environment for the free movement of professionals or of active competition among them.

Many professionals complain that the rigid management of household registration, insufficient social security provisions and the lack of a sound market for talent exchange greatly impede job changes.

According to a survey of 285,263 professionals in Shanghai, only 1.9 per cent changed their jobs in the first round of the city's professional positions appointment work.

The limited number of professional positions has also given rise to "selfish departmentalism." Whenever the appointment work is about to begin, many units shut their doors against those who want to enter from other places.

For these, the appointment work is in fact usually conducted within an enclosed unit, reducing its competitiveness to the lowest degree.

In addition, it is a commonplace that seniority is the first consideration in appointing people to professional positions, especially senior ones, while professional abilities are ignored.

In another respect, a lack of scientific and clear-cut principles and standards has led to confusion in this establishment of professional positions.

Many experts in personnel management have criticized the establishment of too many types of professional positions and ambiguous job specifications for "degrading the reputation of the professional position."

They warned that if all these problems are allowed to exist and worsen, the results of the new professional positions appointment practice will probably violate original intentions. Solutions are being widely discussed.

The experts held that the appraisal system should be clearly separated from the appointment system, rather than combined. This would be more suitable for the current situation, they argued.

In their opinion, all professionals who reach certain professional levels should be accorded corresponding titles by appraisal committees consisting of experts in relevant fields, while permitting the administrative leadership to appoint some to professional positions as needed according to a stringent selection procedures.

This will not only reduce the contradictions caused by the current practice, but also will strengthen competition among professionals by encouraging them to strive for both titles and positions.

Examination

It has also been suggested that the professional title serve as socially recognized credentials for one's professional qualifications to make job changes convenient.

To ensure the objectivity and fairness of the appraisal work, a proficiency examination system as well as a socialized evaluation system is necessary to avoid inadequacy and malpractices.

It has been reported that the state will experiment with the proficiency examination next year among about 200,000 specialists in computer applications.

Most important, experts stressed, is that reform measures must keep pace with the process of the professional positions appointment work, such as opening up the market for talent exchanges, improving the social security system and creating a wage system.

And these measures should be implemented in the form of legislation as soon as possible, they urged.

Experts Cite Family Role in Education

*OW2710164189 Beijing XINHUA in English
1537 GMT 27 Oct 89*

[Text] Shanghai, October 27 (XINHUA)—China has more than 50 million one-child families. Ninety-five percent of the children in big cities under the age of eight were born to one-child families.

Experts at a meeting on the "protection and guarantee of children's rights," which closed last Tuesday, said they believe that the education of only children will be the major focus of China's family education for children in the 21st century.

The improvement of material life and changes in the family structure provide advantages for China's family education. Over the past ten years, workers wages have increased 2.37 times, enabling them to invest more on education for their children.

According to a survey of 764 families in Guangzhou City, 73 percent of the families spend 10 to 20 yuan monthly for their children's after-school books and toys, while 20 percent of the families spend 30 yuan and 6 percent spend more than 40 yuan. Almost 94 percent of the families send their children to study music, dancing, painting and subjects at their own expense.

A sample survey of Beijing, Shanghai, Tianjin, Nanjing and Chengdu showed that 66.41 percent of families are composed of a couple and their unmarried children. Economically those small families are able to provide enough nourishment and a good education for their children.

There are now more than 600 family education advisory organizations and more than 120,000 adult schools in China.

The number and variety of publications dealing with family education in recent years are amazing. One million copies of the "Family Education Encyclopedia," published in 1982, have been issued.

The experts all believe that family education is an extremely important factor in forming a child's character. Facing the 21st century, it is increasingly urgent to improve the quality of family education.

They suggest, that, due to the importance of family education, China should put it under the protection of the law, so as to breed a sense of obligation toward family education by parents.

The experts also said that China should set up a theoretical system for family education with an emphasis on the education of only children in order to meet the needs of the development of family education in the 21st century.

Military

Police Replace Troops at Selected Sentry Posts

*OW3010145689 Beijing XINHUA in English
1435 GMT 30 Oct 89*

[Text] Beijing, October 30 (XINHUA)—The authorities enforcing martial law in Beijing began to withdraw all sentries posted along flyovers and at crossroads today.

From November 1, under Order No. 17 issued today by the Beijing municipal government and the PLA martial-law enforcement headquarters, Armed Police will replace the troops in Tiananmen Square.

Ding Weijun, a spokesman for the Beijing municipal government, said at a special news conference today that the order had been issued because a decisive success has been achieved in quelling Beijing's anti-revolutionary rebellion. The situation in the city has become progressively more stable and social order has been basically restored.

The order says that, to maintain social order in the capital, some of the martial-law troops stationed in Beijing proper and its outskirts will continue to perform their enforcement duties together with Beijing's public security men and Armed Police.

The order requires all citizens to abide by the law and all regulations and maintain normal working, teaching, scientific research and social routines.

Ding Weijun said the order is a major step to ease the constraints of martial law.

During the enforcement of martial law in Tiananmen Square, he added, hundreds of thousands of tourists, domestic and foreign, were allowed to visit the square. From early this month, anyone with his employee's card, identification card or letter of introduction have been permitted to go there.

'Unified Mobilization' Body Planned

HK3010014189 Hong Kong SOUTH CHINA MORNING POST in English 30 Oct 89 p 9

[By Willy Wo-lap Lam]

[Text] The Chinese Defence Ministry is establishing a Leading Body on Unified Mobilisation (LBUM) to ensure other government departments provide better support to national defence.

It will significantly enhance the power of the military, whose influence in civilian affairs has been increasing since the imposition of martial law on Beijing in late May.

The establishment of the unit is being debated in the on-going session of the Standing Committee of the National People's Congress.

According to military authorities, its purpose is to undertake planning for the procurement of logistical and other military-support facilities and material, and to co-ordinate the relationship between the People's Liberation Army (PLA) and the government, and between the military establishment and economic departments.

At the same time, a Draft Law on National Defence Mobilization is being prepared by the PLA Joint Chiefs of Staff Department, the Logistics Department, the State Planning Commission and the Finance Ministry.

The draft is now being studied by the State Council and the Central Military Commission (CMC) of the Communist Party.

Military sources in the capital say a key function of the unit is to ensure other government departments, especially economic units, provide the PLA with support in areas of finance, material and personnel.

A diplomatic analyst said: "Since reform measures were introduced in 1979, the Army's share of the national budget has dramatically declined to the present level of 7 1/2 per cent."

"The establishment of the LBUM will enable the PLA to have a 'legitimate' channel through which to solicit contributions from other government departments."

Aside from monetary and material support, the PLA also hopes that central and regional administrations will help with conscription.

Because of the Army's poor pay scales, the PLA since the mid-1980s has had difficulty recruiting qualified young men.

Equally important, the PLA will, through the LBUM, urge that other government departments take military interests into consideration when they make plans and go about normal operations.

For example, the State Planning Commission may be asked to devote more resources to heavy industry, which could be easily converted to military production.

Defence sources say the LBUM has come about as a direct result of military leaders' complaints that Chinese society lacks a national defence mentality.

Since June 4, military leaders including Defence Minister Qin Jiwei have decried the rising tide of "the numb thoughts of pacifism", the idea that, the danger of war having receded, China could afford to relax its preparations for war.

Analysts say while most government departments resent the PLA's effort at empire building at a time of a national financial squeeze, the passage of the National Mobilisation Law and the establishment of the LBUM are a foregone conclusion.

Since the June 4 Tiananmen Square crackdown, the power of the military has been expanding.

For example, a sizeable part of the bill for the upkeep of martial law troops in the capital is being paid for by the Beijing municipality as well as by factories and other units in Beijing.

While thousands of business units have been abolished as a result of the nationwide campaign to screen and restructure state companies, military-related companies have been allowed to remain intact.

Nor has the recent campaign to crack down on economic crime affected PLA-affiliated companies, which have earned a fortune selling missiles and other firearms.

That the military may be intervening in the affairs of state is also evident in the Army's large presence at the fifth plenum of the Central Committee due later this week.

While in theory, only the 170 Central Committee members and 110 alternate members are entitled to participate, a large PLA contingent will sit in on the plenum.

Those present will include members of the CMC, heads of various military departments and commanders of the military regions.

Central Party School Trains Army Cadres

HK2710083289 Beijing JIEFANGJUN BAO in Chinese 10 Oct 89 p 1

[Report by Dong Cheng (5516 6134): "Army Section of the Central Party School Has Trained More than 4,000 Cadres for the Troops"]

[Text] Since 1981, the Army section of the Central Party School has trained in rotation, cadres of the troops by stage and in groups. Up to now, it has trained 4,159 cadres responsible for propaganda and theoretical work at the army, divisional, or regimental level. This has

played a very good role in enhancing the theoretical quality and ideological level of the cadre contingent.

The new historical period has set more demands on leading cadres. To conform with this trend, the Army section of the Central Party School was established to speed up the in-service training of the Army cadres. This section is assisted and guided by the Central Party School. Teaching in the section is also provided by the Central Party School. In accordance with the characteristics of the students that they can be released from work for study, and that they are stationed in different places, a method of provided unified teaching and separate management has been employed. Students must study Marxist philosophy, political economy, scientific socialism, party history, party building, and so on.

Other courses include international politics, basic knowledge on the science of law, basic knowledge on modern science and technology, economic management, literature and art theories, methods for leadership, art of leadership, and so on. Central leading comrades, and relevant experts and scholars are invited to give reports, or give lectures to widen students' knowledge. This is useful to enhancing their leadership capability.

Commentary Urges Continued Vigilance

*HK2710120089 Beijing JIEFANGJUN BAO
in Chinese 8 Oct 89 p 1*

[“Sunday Commentary” by He Yingquan (6378 5391 0356): “‘The Wolf Has Come’ and ‘Where Is the Wolf?’—Calling for Proper Alertness to the Presence of the Enemy”]

[Text] In my contact with cadres and soldiers on the borders, I feel strongly about what should be a correct notion of alertness to the enemy. Some units used to depend on “enemy stimulation” to develop alertness. This makes one feel that there is a crisis, that the enemy is right in front and a war about to break out. To put it more vividly, “the wolf has come!” Things are different now. The world has shifted from confrontation to dialogue, and economic and other forms of exchange have increased; so some comrades are puzzled as to where the wolf is. Debating between “the wolf has come” and “where is the wolf?” merits much thought.

A correct sense of the presence of the enemy is a psychological state that helps soldiers maintain a high degree of alertness and impetus for military practice. The degree of strength and sense of the presence of the enemy reflects the quality of the Army. We must see that the presence of the enemy today is very different from that in, or approaching war time. In comparison, it is less pure and definite but more latent and unpredictable than before. We must recognize its complexity. There is an old Chinese saying that “without the concept of preparation for war and caution against foreign invasion, a nation may fall.” The world today is not all peace. Amid the detente there is still confrontation and fierce struggle. Things are constantly changing. Soldiers must always be

alert to the enemy. Not for a moment should they be in total relief and “store arms away and put the horses to rest.” The job of the Army is to protect the nation. Only when the Army maintains a high degree of awareness at all times can danger be prevented.

Basically, we must have a good knowledge of the political and economic situation in the world before we can develop a correct awareness of the enemy. Peace and development form the mainstream of the world situation today. However, the roots of war have not been eradicated. To maintain their position, all nations make a great effort to increase their total strength, including the ability to enforce compulsory measures. This demonstrates at least two things: First, today more than any time before, military strength relies heavily on economic strength. Putting a priority on economic development means basically strengthening military power. It is therefore too naive to think that the world is all peaceful and all international disputes can be resolved. Second, we must not be dictated by instinct and experience alone, and conclude that the enemy is there only when the “wolf has come,” and that otherwise the enemy is absent. Today, presence of the enemy is indicated not only by the hostile behavior of a certain nation or a certain army, or military offensives. Economic encroachment or blockade, political subversion, ideological “safe landing” and “soft offensives,” and interference or damage in internal affairs and diplomatic relations, are all means to harm another party. History has shown that soft and hard measures are often employed alternately, especially as imperialism promotes the strategy of “peaceful evolution,” counterpenetration and countersubversion struggles are long-term activities. For the permanent security of our nation and the future of our people, it is very important for our Army to develop a correct awareness of the enemy based on an accurate and realistic knowledge of the world, and to do its best in military practice. In this way our Army can perform its function of safeguarding the nation and the peaceful labor of the people.

Article on Strategy Training for Staff Officers

*HK3110083589 Beijing JIEFANGJUN BAO
in Chinese 13 Oct 89 p 3*

[Article by Li Daming (2621 1129 2494): “Tentative Exploration of Training in Strategy for Staff Officers”]

[Text] Improvement of ability in strategy is an essential requirement for staff officers. In recent years, for the sake of upgrading staff officers, many units have actively carried out varied training in strategy.

At the same time, strategic studies has been taught in the classrooms of military academies, from which have been passing out strategic-minded staff officers for the Army.

Ability in strategy is based on good ability to reason based on good observation, analysis, judgment, and imagination; it is divided into two types: coping and creating. These are manifested as intelligence in dealing

with emergencies and long-term planning. According to the above analysis, I think that training in strategy for staff officers should be divided into three stages.

1. The form of self-study under guidance to carry out "learning by intake," to grasping theoretical knowledge of strategy.

The form of "learning by intake" is the most effective method of acquiring knowledge among others generally used for studies in various disciplines. "Learning by intake" means that the contents to be learned are presented to the learner in the form of final conclusions, to transform external knowledge into his internal spiritual treasure, and to integrate new knowledge with the relevant aspects of the structure of his existing knowledge. This process of transformation is called "internalizing." It is an effective way of absorbing a large quantity of knowledge in a short time, and is beneficial to forming knowledge points, knowledge chains, and knowledge nets, laying a foundation and creating favorable conditions for changing knowledge into ability at a later stage. Strategic theory, as an indirect experience, is a summary of the military practice of several thousand years. It is unrealistic to attempt to leap over the stage of theoretical understanding to become suddenly strategically talented. Most staff officers learn as they work, therefore the form of self-study under guidance is an effective way to carry out "learning by intake." To acquire strategic theory, and to understand the general rules of movement of conflict in the military domain; the basic guiding principles of military phenomena; the scientific way of thinking; and the method of planning and arrangement through "learning by intake" is a critical step toward improving the standard of strategy.

2. The form of study of combat examples to carry out "learning by discovery," in order to realize transformation of knowledge into ability.

"Learning by discovery" means that the learner is not provided with the main contents of study, but should discover them himself and then internalize them, or internalize them during the process of discovery. "Learning by discovery" is beneficial to stimulating the wisdom and potential of the learner, to promoting his inner motivation for learning and his memory, and to mastering the technique of discovering and solving problems. It is an effective method of training ability. The analyses of combat examples we have adopted in the past are precisely a practical application of the principle of "learning by discovery."

Ke Lao Sai Wei Ci (0344 0525 1049 4850 5412) said: "A brilliant combat example is the best teacher." The famous U.S. General MacArthur also advocated that "the army should expand its analytical interests to the smoke-laden battlefields described in the dust-covered records of ancient wars." Indeed, the birth of any strategy is, without exception, directly linked to historical experience.

In recent years, the emphasis of training in the Army is generally placed on procedure and programs, while the study of combat examples has almost been dropped, with the result that the training can only turn out robots who blindly follow rules as "Xiao's rules are followed by Cao." We should pay attention to this.

3. The form of practice and training to carry out "learning by application," in order to improve the standard of strategy formulation and application.

"Learning by application" is a way of improving ability in strategy by combining various practical military activities such as daily work, training, and drilling. First, let staff officers practice more, conduct surveys, and research independently, and suggest ways of solving urgent problems in the Army's war preparedness, training, and management, or demand that they propose various plans for handling situations for the chiefs to decide upon. Second, through training and drilling enable staff officers to unite themselves with the determination of the chiefs, make scientific estimates about the battlefield, and propose correct ideas and reports. By doing this, enable them to have good plans for defeating the enemy when two armies are facing each other, and methods for expanding victory when facing favorable conditions in battle, as well as measures for changing danger into safety when facing an emergency. Third, during drilling and training, consciously let staff officers act as commanders according to their ranks, to force them to face complicated situations and make decisive judgments and handle things flexibly. When each task is concluded, discussion and analysis of the model cases must be promptly conducted, in order to reach summaries and improve standards.

Columnist Clarifies Class Struggle Doctrine

HK3010085089 Beijing JIEFANGJUN BAO
in Chinese 14 Oct 89 p 4

["Consultation Center on Situation and Policy" column by Wang Zhixue (3769 1807 1331): "On No Account Will the Slogan of 'Taking Class Struggle as the Key Link' Be Adopted Again"]

[Text] Zhang Bo from an training unit of the Commission of Science, Technology, and Industry for National Defense sent a letter to this newspaper and asked: The turmoil in some areas and the counterrevolutionary rebellion in Beijing at the turn of spring and summer this year showed that life-and-death class struggle still exists at the present stage in our country, so why is the slogan of "taking class struggle as the key link" not adopted again?

Answer: The struggle to quell the counterrevolutionary rebellion engineered by a very small number of people was indeed a round of life-and-death struggle. We have learned a lesson from this bloody struggle that class struggle still exists and our sense of class struggle must not get blunted to even the slightest degree. However, we can never resume the use of the slogan of "taking class

struggle as the key link" because of this fact. This is first determined by the party's current basic line which is summarized into "one center, two basic points." The basic line was established on the basis of fundamentally negating the guiding principle of "taking class struggle as the key link." The contents of the basic line are fundamentally different from the idea of "taking class struggle as the key link." After winning the victory in the struggle to check the turmoil and to quell the rebellion, our party did not change its basic evaluation of the domestic and international situation, and the party's basic line, principles, and policies were not changed. Therefore, we cannot resume the use of the slogan of "taking class struggle as the key link."

Secondly, we are not situated in the initial stage of socialism, and the exploiting class as a whole has been eliminated. Although class struggle still exists in a certain scope for a long time and may be intensified under certain conditions, class struggle is not, in any case, a main contradiction in our society. At the present stage, the main contradiction in our society remains the ever growing material and cultural needs of the people and the backward productive forces. This reality determines that we can only persist in taking economic construction as the central task rather than "taking class struggle as the key link." Of course, the recent struggle also taught us a serious lesson that as class struggle still exists, the sense of class struggle in our minds must not be attenuated; otherwise, we will have to pay heavy costs and may even ruin the achievements of our socialist revolution and construction, which were made at the cost of the lives of the revolutionary martyrs and at the cost of our hard struggle in the past decades.

This struggle indeed gave everyone of our comrades a profound lesson in class struggle. We should sum up experience and draw a lesson, and should rebuild the sense of class struggle which has dulled. However, this does not mean that we should again use the slogan of "taking class struggle as the key link." We should not move from one deviation to the other. In the past, we suffered seriously from the excessive expansion of class struggle. The painful experience showed that we must not be unrealistic and must not use the slogan of "taking class struggle as the key link" without deep thought. At the present stage, the opinion that class struggle has died out and the opinion that class struggle should be taken as the key link are both incorrect.

Economic & Agricultural

Guidelines Proposed for New 5-Year Plan

HK3110033089 Hong Kong WEN WEI PO in Chinese
31 Oct 89 p 4

[Report: "State Planning Commission Proposes Guidelines for the Eighth 5-Year Plan"]

[Text] Beijing, 30 Oct—China will implement its Eighth National Economic Development 5-Year Plan commencing 1991. It has been reported that the State Planning Commission recently drafted basic guidelines for the Eighth 5-Year Plan, proposing a change in policy from regional inclination to industrial inclination and putting an end to the implementation of the financial responsibility system.

The main contents of the "Basic Guidelines for the 1991-1995 National Economic Development Plan" proposed by the State Planning Commission include the following:

First, the regional division of "east, central, and west" will no longer be stressed during the Eighth 5-Year Plan. Regional inclination will be replaced by industrial inclination and the large enterprise groups transcending region, department, and trade will be supported.

Second, agriculture will still be put in first place. The state has confirmed that the \$300-million loan granted by the World Bank will be regarded as funds for agricultural development.

Third, importance will be attached to the development of transportation and communications. The proportion of investment in this field will increase by 10 percent. Machinery and electronics products should be arranged in the following order: Trucks, large complete sets of equipment, microelectronics, video recorders, mobile telecommunications and switchboards, the astronautical industry, and household electrical appliances.

Fourth, the question of internal and external debts. Repayment of internal debt will in 1990 reach a peak lasting for 3 to 5 years, while in 1992 foreign debt will reach a peak lasting for 5 to 7 years.

Fifth, the increasingly obvious defects of the financial responsibility system have seriously affected the readjustment of the industrial setup and product mix. Hence, the financial responsibility system will no longer be implemented during the Eighth 5-Year Plan and a separate taxation system will be introduced instead. There will also be drastic changes in the foreign trade and financial contracted responsibility systems.

Moreover, according to forecasts by relevant departments, China's 1989 gross industrial output value will amount to 13,110 billion yuan, an increase of around 8 percent over the previous year. Of this sum, public sector industry will increase by 6 percent; the collective sector, 9 percent; and township industry, 10 percent.

Industrial growth has dropped since September. Because of the relatively high base figure for the whole country, growth can only be maintained at 3 to 4 percent in the subsequent 3 months of this year. Growth in some provinces, municipalities, and autonomous regions may even be negative. As production growth has been reduced, economic efficiency will continue to drop. This is bound to affect state revenue.

According to an authoritative analysis, as viewed from the current situation, the situation regarding sales for the last 3 months of this year and for 1990 is by no means optimistic. Effective measures should be adopted to prevent a decline in the economy.

Li Peng Urges More Overseas Banking, Insurance
OW2810151889 Beijing XINHUA in English
1437 GMT 28 Oct 89

[Text] Beijing, October 28 (XINHUA)—China will continue to expand its overseas banking and insurance businesses and cooperation with foreign countries, Chinese Premier Li Peng said here today.

The premier made the remarks while meeting the directors of overseas branches of Bank of China and the People's Insurance Company of China, who are attending a conference here. He urged the staff workers abroad to play a more active role in the expansion of China's banking and insurance services overseas.

The premier said, China Bank, as the country's bank of foreign currency, has made marked progress in its overseas operations and established a good reputation.

"I appreciate the good work they have done in braving the unprecedented difficulties brought about by the anti-government rebellion which happened in Beijing between April and June this year," the premier said.

The premier also appreciated the fast development of China's burgeoning insurance business, saying that insurance is a promising enterprise which plays an important role in the nation's economic construction.

Hong Kong Paper Reports Economic Objectives
HK3010041289 Hong Kong CHING CHI
TAO PAO No 43, 30 Oct 89 p 13 4

[“Forum of Well-Informed Personages” report by Lin Shi (2651 1395) (sent out on 26 October): “China Seeks Steady Growth As Its Objective for Next Year”]

[Text] The Chinese Government states that beginning in 1989, 3 years or more will be spent improving and rectifying the national economy, fundamentally relieving the problem of social overall demand exceeding overall supply, and gradually reducing inflation to put the national economy on the road to a benign cycle. Next year is the second in the improvement and rectification effort, and a crucial year in which this task is to be carried out. It is also the last year of the seventh 5-year plan. Therefore, concentrating all energies on improvement and rectification and striving for the steady growth of the national economy, and especially of industry, will become the fundamental goal in next year's economic work.

It was learned that in October, a government decision-making department called a meeting to discuss and arrange for next year's economic work. The fundamental

task mandated by the State Planning Commission for next year is: Given reduced overall social demand and strict commodity price control as a prerequisite, we must improve the economic order, readjust the industrial mix, strive for the maintenance of proper growth and for increased effective supplies and improved economic efficiency. The tangible goal is: A 7 percent growth of overall industrial output value. Industries owned by all the people are to increase by 4.8 percent, township-operated industries to increase by 10 percent, and agricultural output value to increase by 4 percent.

To realize this goal, China has affirmed a number of main economic work principles:

—We must uphold the guideline of making strict arrangements for work. We must not only reduce excessive staff but also bring order out of chaos. We must resolutely reduce investment and consumer demand, improve the chaotic state in the area of production and circulation, and spend a few years of “belt tightening.”

—We must insist on the combination of the planned economy with market regulation, strengthen macroeconomic control and production management, maintain the dignity of mandatory plans, and improve the rate of goods supply contracts being carried out.

—In line with the demands of the industrial policy, we must uphold necessary centralization, seriously readjust the industrial mix, the mix of enterprises, and the mix of products, and reduce general processing industries.

—We must uphold the principle of guaranteeing priority projects and taking care of general ones, actively support the backbone role of large and medium-sized enterprises, create a normal production environment for them, and put proper emphasis on strengthening supplies to meet the needs of energy, transportation, important means of production, and other fundamental industries and fundamental facilities.

—We must be oriented toward the market; take sales as a spur to production; increase the production of products suited for the market, products which earn foreign exchange and which can replace imports, products to meet the people's needs in their everyday life, and products in support of agriculture; and guarantee effective supplies.

—We must insist on opening up to the world, increasing economic and technical exchanges with foreign countries, boosting exports, earning more foreign exchange, and solving the problem of foreign exchange shortage.

Relevant sources consider that upholding and thoroughly implementing the above principles will undoubtedly help the readjustment of the industrial mix and the stability of the whole economy. But this must be accompanied by relevant reform measures. If not combined with a deepening of the reform, not accompanied by a quick readjustment of irrational price relations, and not

followed by a timely enlivening of large and medium-sized enterprises, the improvement and rectification effort can not produce results. Meanwhile, we must try by every means to guarantee against a slide in industrial production. A slide in industrial production will have a very harmful effect on the people's peace of mind and on the national revenue.

Given this situation, next year's economic work will be difficult. It is out of order to be overly optimistic. If China's economy can really achieve breakthroughs in readjusting the mix, strengthening management, stimulating technical progress, and improving economic results, then there is the possibility of reversing the situation of passivity.

Minister Says Trade Develops 'Steadily'

*OW2810181289 Beijing XINHUA in English
1538 GMT 28 Oct 89*

[Text] Beijing, October 28 (XINHUA)—China's foreign trade has developed steadily. Zheng Tuobin, minister of foreign economic relations and trade, said at an international symposium that opened here today.

In the first three quarters of this year, he said, the gross value of imports and exports was 57.9 billion U.S. dollars, an increase of 4.7 percent over the same period of last year.

In the first three quarters, China's exports reached 31.2 billion U.S. dollars, an increase of 4.1 percent over the same period of last year. Imports were 26.67 billion U.S. dollars, an increase of 5.4 percent over the same period of last year.

Foreign currency deposits has increased markedly and the situation of the country's balance of payments is fine, the minister said. In the first nine months this year, he said, foreign businessmen have greatly expanded their investment in China. Authorization has been given to 4,280 new foreign-invested businesses across the country.

"This suggests the correctness of China's reform and open policy and its adaptability in foreign trade," he said.

Speaking of the imbalance in foreign trade between China and Western countries, he said China will achieve a basic balance by expanding exports rather than reducing imports.

He expressed hope that Western countries will reduce or lift restrictions on imports from China, abolish discriminatory legislation, and loosen restrictions on foreign technical exports to China.

As far as the development of economic relations between China and the Soviet Union and other socialist countries as well as developing countries, Zheng said China will expand relations with these countries.

"China will make continued efforts to improve the business environment and rectify the economic order for foreign trade, deepen the reform of the foreign trade system, and export more to accumulate larger foreign earnings in order to meet the tremendous demands of China's modernization drive," the minister said.

While continuing to raise loans from foreign governments and international financial organizations, he stressed, China will focus its efforts on absorbing more direct investment by foreign businessmen, and make it sure that foreign-invested enterprises operate according to international practice.

Zheng concluded by saying, "China will continue its cooperation with foreign countries in the fields of technological transfer, implementation of contracts for foreign projects and assistance programs for foreign countries in accordance with existing policies."

'Wasted' Imports Harm Domestic Industries

*HK2810032489 Beijing CHINA DAILY in English
28 Oct 89 p 4*

[Text] Unrestricted imports of machinery and electronics commodities has inflicted serious damage to China's domestic machinery and electronics industry in the last few years reducing any resultant benefits.

Altogether 2,000-plus items of modern technology have been imported by China's machinery and electronics industry in the past decade along with abundant batches of production equipment and instruments, greatly strengthening the industry's production abilities.

In the meantime, much imported appliances technology has been wasted because the industry has expanded its imports at too high a rate, according to a report carried in a recent issue of the Beijing-based newspaper SCIENCE AND TECHNOLOGY DAILY.

For example, within a few years, China has imported 113 assembly lines for colour TV sets, half of which are now idle for lack of necessary accessories.

In general terms, the country's imports in machinery and electronics increased from \$4.6 billion in 1983 to \$20.6 billion in 1988 draining the country's scant reserves of hard currency.

The industry earned \$6.15 billion by exporting machinery and electronics goods in 1988, its best year ever, but still had a deficit of \$14.5 billion.

As machinery and electronics imports account for over half of the country's total imports, they have become the number one factor in causing the country's annual trade deficit.

Another problem is that the imports of machinery and electronics appliances have been too repetitive, as the overall coordination gradually weakened.

Enterprises in the industry has duplicated each other to import 130 aluminum extruders, which can annually process 400,000 tons of aluminum products. But at least 100 extruders are idle daily because of lack of raw materials, making several companies in the business bankrupt.

Such rash competition has helped to usher in price rises on the international market for commodities that China is expected to purchase in large quantities.

China paid an additional sum of \$250 million in 1988 in price hikes of colour TV kinescopes and refrigerator compressors alone, the price of the first went up to \$95 from the previous \$70 and the latter to \$45 from \$30.

In the senseless importing sprees, enterprises in the machinery and electronics industry have rushed to buy many appliances that can be domestically produced from foreign countries.

Confusion

According to an official survey in 1987, nearly one third of imported equipment or instruments can be produced or bought at home.

The overwhelming flood of foreign products has hit domestic industries hard, the report said.

Domestic production of cars, for example, has been seriously frustrated, as the cars running in major cities are almost all foreign products, which has prompted the central government to ban all senior officials from using imported cars in an effort to curb further imports.

Reasons for this confusion of import are varied, but all call for urgent attention, according to the report.

One of the major reasons is that too many local channels have been opened for imports without sufficient supervision from above, leaving only 10 to 15 per cent of the imports to the authority of the State Ministry of Machinery and Electronics Industry between 1985 and 1988.

All provincial governments are entitled to approve projects valued at less than \$5 million, with the coastal provincial and municipal governments approving projects valued at less than \$30 million.

Some local governments elude supervision of the central governments by dividing big projects valued higher than the norm into several small projects which they themselves have the authority to approve.

Another reason is that China has no clear stipulation about the protection of its national industries as many over developing countries do.

The report said that India and Thailand require foreign funded projects to spend respectively 30 and 40 per cent of the investment on buying domestically produced appliances. Similar regulations do not exist in China.

The third reason is that the quality, delivery and post-purchase services of the domestically produced products are often not up to standard, thus necessitating enterprises to rely on imported products.

Corruption has added up to the fourth reason for the upsurge of imports.

Some local and enterprise leaders are keen on importation because it gives them opportunities of travelling abroad to buy their own luxuries.

The report said that unless strong counter-measures are taken immediately against the importation fervour, the total imports of machinery and electronics commodities this year will exceed that of last year.

Foreign Investment Increases in Jan-Sep Period

OW2810164889 Beijing XINHUA in English
1515 GMT 28 Oct 89

[Text] Beijing, October 28 (XINHUA)—China approved 4,281 foreign-funded enterprises in the first three quarters of this year, 14 percent more than the number for the same period of last year.

These enterprises involved a total investment of four billion U.S. dollars, 11 percent over the same period of last year. "INTERNATIONAL BUSINESS" reported today.

Though the anti-government riots which occurred in Beijing last June had an unfavorable influence on the use of foreign investment, the Chinese Government approved 1,249 foreign-funded enterprises in the third quarter. Most of these projects will be located in China's special economic zones and other coastal cities. Most of the contracts were signed with big and medium-sized companies from developing countries.

Under the terms of a contract signed last July, Tianjin transferred land use rights for a period of 70 years to the MGM Company of the United States. This is China's biggest land use right transfer since 1979 when it opened to the outside world.

The Deutsche Lufthansa Company of the Federal Republic of Germany signed a contract with its Chinese counterpart on setting up a plane maintenance engineering company in Beijing.

To seek more foreign entrepreneurs, China will hold an exhibition displaying products made by foreign-funded enterprises on November 9. Trade talks will be held during the exhibition.

Foreign Investment Sought for Largest Coalfield

*OW2710164789 Beijing XINHUA in English
1603 GMT 27 Oct 89*

[Text] Beijing, October 27 (XINHUA)—China has decided to absorb foreign capital in tapping its Shenfu-Dongsheng coalfield, the biggest in the country, and plans to export its future steam coal as repayment.

This was announced here today at a news briefing by Liang Zhengyan, president of Huaneng Fine Coal Corporation.

Liang called for favorable loans for the coalfield from foreign partners, urging them to invest in Sino-foreign joint equity or cooperative ventures for the project.

The coalfield, in the border area between Inner Mongolia and Shaanxi 500 kilometers west of Beijing, covers 25,500 square kilometers with a total deposit of 230 billion tons of high quality steam coal.

According to the overall plan approved by the state, the development of the coalfield, which started in 1986, will be finished by the end of the century, when 40 to 50 million tons of steam coal are expected to be shipped annually through special railways to coastal cities in China.

The whole endeavor, Liang said, calls for 1,100 kilometers of coal transportation railways, 500-kilometer highways around the mining area, a new harbor to load its coal with an annual output of 35 million tons, a power station with total capacity of 1.2 million kilowatts, coal processing and gasification plants, public utilities and other infrastructure.

After three years of construction, the project is already under way with the completion of the Baotou-Shenmu railway, the Shenmu power plant and several main coal mines with a few already producing steam coal for export.

According to Liang, his corporation has been authorized by the state to make overall plans for the coalfield's development and to manage coal production, transportation and marketing as a whole.

Official Cites 'Sustained Growth' of Exports

OW2710190889 Shanghai Voice of Pujiang in Mandarin to Taiwan 1000 GMT 16 Oct 89

[Text] According to a XINHUA report, on the evening of 15 October, Wang Pingqiang, vice minister of foreign economic relations and trade and vice director of the Guangdong Trade Fair, happily told notables from Hong Kong and Macao industrial and business circles, who were in Guangzhou to attend the 1989 Autumn Guangzhou Export Fair, that the downward trend in China's exports that began early in the year has been reversed and that a fine trend of sustained growth has emerged.

Wang Pingqiang said: The total volume of imports and exports by the end of September approached U.S.\$58

billion, up 4.7 percent over the corresponding period in the previous year. Exports comprised U.S.\$31.2 billion of the total and imports U.S.\$26.6 billion, an increase of 4.1 and 5.4 percent, respectively, over the corresponding period in 1988.

Overseas Patent Applications Increase

*OW2810165789 Beijing XINHUA in English
1509 GMT 28 Oct 89*

[Text] Beijing, October 28 (XINHUA)—The Patent Office of China has received more than 4,000 patent applications from 62 countries and regions in the first 9 months this year, an increase of 5.6 percent compared with the same period last year.

Jian Ying, deputy director of the Patent Office of China, said here today: "China enacted its patent law only 5 years ago; but its patent system has developed rapidly."

"Patent applications from foreign countries are increasing steadily," Jian said.

The Patent Office of China received more than 5,400 patent applications from 59 countries and regions in 1988, an increase of 12.4 percent compared with 1986.

Since 1987, the Patent Office of China has also received 457 patent applications from Taiwan through the Patent Office's agencies in Hong Kong and friends of applicants living on the mainland.

In order to promote technological cooperation between China and other countries and regions, Jian Ying said: "We welcome inventors from more countries and regions to apply to China for patents."

Bank Savings To Hit Record 500 Billion Yuan

*HK2710015889 Beijing CHINA DAILY in English
27 Oct 89 p 1*

[By staff reporter Gu Chengwen]

[Text] Total bank savings are expected to hit a record 500 billion yuan (\$135 billion) by the end of this year, sources from the State Planning Commission said in an interview.

The sources attribute the growth in savings to the banks' "value-preserving interest rates" which guarantee an interest rate higher than the inflation rate.

Still, while the move has benefited some, it has made it more difficult for a small number of grassroots banks which have reported losses in the first nine months of this year because of the disparity in interest payments on loans and savings.

The sources noted, however, that the national bank balance showed a profit of more than 10 billion yuan.

The "value-preserving" savings earn a yearly interest rate of 13.14 percent for three-year term deposits and

higher rates for longer terms. Yet most bank loans have an interest rate of around 11 percent.

"The state will stick to the present austerity policies including the value-preserving interest rates, despite the difficulties," sources said, adding the only possible way of erasing deficits in money-losing banks is to stem inflation.

The state cannot afford to allow even 10 percent of the expected 500 billion yuan saving deposits to get out into the market, the sources said.

Chinese banks started the value-preserving interest rates last September after panic buying and skyrocketing prices created major worries in financial circles.

With more money being taken out of circulation and tougher controls on loans, the central bank is expected to issue between 20 and 30 billion yuan less new currency this year than last year.

The state banks will continue to issue fixed-interest and value-keeping bonds in the near future.

But the fixed interest-bonds will be mainly used to refund bonds issued earlier.

The sources said the state, enterprises and individuals should all be prepared to live with austerity for another two to three years.

This means government institutions will have to reduce their spending, businesses will have to use less money and increase productivity, and individuals will have to curb their desire for higher wages and bonuses.

Revenue contracts between the state and provinces signed in 1987 and due beginning in 1990 will have to be renewed even if disadvantageous.

The revenue contract system has guaranteed a fixed amount of state income but at the same time cultivated an increasing trend of "localism."

Some provinces and cities have been reluctant to carry out state economic plans that run counter to local interests.

The sources said funds circulation has slowed down, industrial efficiency has decreased, production costs have gone up, and serious shortages of energy, raw materials and transportation capacity are still threatening.

They said some factory managers were over-cautious in business transactions and that this has adversely affected normal business operation.

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[Article by Liu Guoguang (0491 0943 0342), written in May 1989: "The Arduous Course of China's 40 Years of Economic Construction and 10 Years of Economic Reform"]

[Text] On 1 October 1949, Comrade Mao Zedong raised the first five-starred red flag at Tiananmen in Beijing and proclaimed the establishment of the PRC. Thereby China entered a new stage of historical development. In the great cause of building a socialist state, the Chinese people have traveled a glorious road over the last 40 years and achieved universally recognized successes. The reforms over the last 10 years have opened a new chapter in the history of the Republic. However, the 40 years of construction and the 10 years of reform have not all been smooth sailing, and we have had to go through setbacks and hardships. This article will look back, just on an economic plane, at the achievements realized in the Republic's construction over the last 40 years and in the reforms over the last 10 years. It will also look at the problems encountered, and through a theoretical examination of these problems, provide an introductory analysis for the research reference of readers.

I

China's socialist economic construction began on the dilapidated basis of Old China's semifeudal, semicolonial economy. Old China's economic base was extremely weak. It was basically a closed kingdom with a small-scale peasant economy. Modern industry had begun to be introduced at the end of the 19th century, but its scale and productive level were both limited. This extremely limited modern industry was, right up to liberation, mainly monopolized by bureaucrats' capital, while enterprises run by the people were extremely weak. Further, because of the destruction caused by continual years of war, industrial and agricultural production was languishing, and the people's level of livelihood was very low.

In the 40 years since the establishment of the PRC, regardless of whether one looks from the angle of the economic system or the economic mechanism, or looks from the development of the productive forces or of the overall economy, the appearance of the Chinese economy has undergone very major changes. Here, let us first make a simple review of the achievements realized and the problems that exist in the area of economic development.

Over the last 40 years, New China has carried out economic construction on a vast scale. From 1950 to 1988, the total investment in fixed assets in whole-peopple ownership units was 2.1538 trillion yuan; over 4,393 large and medium-size projects were completed and put into production; and newly added fixed assets totaled 1.5619 trillion yuan. Compared with 1949, the

value of industrial fixed assets has increased over 50 times, and the production capacity of the coal, electricity, iron and steel, and textile industries has increased by factors ranging from several times to tens of times. At the same time, a number of new industrial sectors have been established, and an industrial structure which is quite complete has been basically established. In terms of agricultural and water conservation construction, the area of effectively irrigated agricultural fields is now in excess of 44.6 million hectares. The development of agricultural mechanization has advanced to where total power of agricultural machinery is 265.8 billion watts. Railway, highway, water transport, and air transport capacities, as well as basic postal and telecommunication facilities, have all seen swift development.

Second, on the basis of this large scale of construction, social production has seen very major development. If we calculate from 1953, the beginning of the First 5-Year Plan after national economic recovery had been completed, the average annual rates of growth up to 1988 were as follows: total social product value—8.8 percent; national income—6.9 percent; gross industrial output value—11.7 percent; gross agricultural output value—3.8 percent; and total volume of retail sales—9.6 percent. In the foreign trade area, the total volume of imports and exports in 1988 was 90 times the figure for 1950. Of this, the volume of total exports was up 85.4 times and the volume of total imports was up 94.3 times.

Second, following the growth of economic strength, our country's scientific undertakings have seen great development. In 1988, the number of natural science technicians in whole-people ownership units totaled more than 9.6 million people, over 20 times the figure for 1952. Many important science and technology projects have attained or approached advanced world levels. In 1988, the numbers of students enrolled in universities, middle-schools, and primary schools throughout the country were respectively 17.7 times, 39.2 times, and 5.1 times up on the figures for 1949. The funds used by the state in science, education, and health undertakings totaled 502 million yuan in 1950, or 7.4 percent of financial expenditure, while in 1987, this figure was 40.557 billion yuan, or 16.7 percent of financial expenditure. In 1988 and 1989, the financial expenditure by the state in these areas has seen further increases.

On the basis of economic development, there has been a great improvement in the lives of the urban and rural populace. The actual per-capita level of annual consumption by people throughout the country was 76 yuan in 1952, but by 1988 this had risen to 639 yuan. After eliminating price rise factors, the average annual growth was 3.7 percent. The vast majority of people have already resolved the problems of food and clothing, and some of the populace are now moving towards a level of living comfortably.

The abovementioned situation shows us that in the 40 years since the establishment of the PRC, the achievements of economic construction have been real and

obvious. The realization of these achievements has been achieved by the arduous struggle of the Chinese people under the leadership of the CPC. With only one-fourteenth of the world's territory, we have resolved the problem of feeding and clothing 1.1 billion people, or over one-fifth of the world's population. In itself, this is a very great achievement. Of course, while recognizing these achievements, we should also accurately point out the problems which exist in Chinese economic development. The major ones are as follows: 1) In the current process in China by which an agricultural country is being transformed into an industrial country, there have appeared the clear characteristics of a dual structure. Not only do a modern sector and a traditional sector coexist, but the traditional sector is still the guiding force in the national economy. In gross social production value, agriculture constitutes a quite high proportion, and, in 1987, agricultural output value was still 20.26 percent of total gross social production value. The proportion constituted by agriculture in the social labor force was even greater, and, at the end of 1987, this figure was about 60 percent. This is not only far greater than the figure in developed countries, but also higher than the figure in some developing countries. This shows that the task of realizing economic modernization in China is still quite arduous. 2) Seen in terms of the proportions of the three types of industry which constitute the national economy, in 1978, the primary, secondary, and tertiary industries constituted 29.1 percent, 47.9 percent, and 23.0 percent of GNP, respectively. Through 10 years of reform, there were some changes in these proportions. However, the changes were not very marked. In 1987, the respective figures were 28.8 percent, 45.7 percent, and 25.5 percent. This shows that the backwardness of tertiary industry, which is mainly comprised of service and information industries and which is an indicator of modern economic development, has not seen any essential change. 3) The fluctuations in economic development are still quite large, and resource utilization rates are still quite low. The national income achieved for every 100 yuan increase in accumulation has been as follows: In 1952, it was 72 yuan; during the period of the First 5-Year Plan, it was an average 32 yuan; during the period of the Second 5-Year Plan, it was an average of only 1 yuan; during the Third, Fourth, and Fifth 5-Year Plans, it was, respectively, 26 yuan, 16 yuan, and 24 yuan; and during the Sixth 5-Year Plan, it was 41 yuan. The swings in economic benefits have been quite great, and development has been very uneven. 4) The educational level of the populace is still quite low, and the growth of the population has put great pressure on economic construction, economic development, and on the improvement of the people's lives. According to a sample survey in 1987, only 1.33 percent of the national population has a university-level education, while 27 percent of the population above 12 years of age are illiterate or only semiliterate. The low educational level of the populace and the great number of illiterate and semiliterate people are major restricting factors in China's economic development both now and in future.

Seen overall, in the 40 years since the founding of the PRC, economic development can be divided into two main periods—the first 30 years (1949-78) when the fluctuations were quite intense, and the last 10 years (1979-88) when the economy has been quite healthy. Our country's gross social production value saw an average annual growth of 7.9 percent from 1953 to 1978, while from 1979 to 1988, the figure was 11.3 percent. During the first 25 years (1953-78), the average annual growth in national income was 6 percent. In the last 10 years, this grew to 9.3 percent. Over the last 10 years, living expenditure income of the populace has grown at an annual average figure of 6.5 percent, greatly up on the figure of 1.6 percent during the first 25 years. It can be said that this last 10 years has been the period of greatest economic development vigor, fastest growth in economic strength, and the period when the greatest benefits have been obtained by the people. These 10 years have also been a period when the Chinese economic structure has undergone two major changes. The greater achievements realized in the development of the Chinese economy over these last 10 years are very closely related with the continual implementation of economic structural reforms.

II

Since the establishment of the PRC, the economic structure has seen two major changes.

The first major change occurred just after the founding of the PRC in 1949, when the party and government set about achieving a basic transformation of the semifeudal, semicolonial economic system of Old China, and preparing conditions for the establishment of a new economic structure. The new economic structure was achieved step-by-step through the process by which the change from new democracy to socialism was achieved. The steps were as follows: 1) The confiscation of bureaucrats' capital, the completion of land reform, and the unifying of the financial and economic administrations; 2) the socialist transformation of agriculture, handicraft industry, and capitalist industry and commerce was completed, and a socialist public ownership system in which whole-people ownership and collective ownership were the main parts was established; 3) a centralized and unified planned economic management system was established. Initially, unified management was exercised over key construction, and later planned purchase and sale of grain was implemented. For state-owned industrial, goods and materials, communications and transport enterprises, and some joint public-private joint-operation enterprises, direct planning and goods and materials allocation were implemented. In the areas of financial credit and wages, a system was implemented whereby there was unified receipts and expenditure, unified deposits and issue, and unified distribution and allocation. By 1957, an economic structure which had the planning system as its center and which was centralized and unified had been formed. As the new economic structure that had been formed through this major change was a highly centralized and unified system

which excluded the market, it mainly used direct administrative measures to carry out regulation. For 20 years after this system was basically formed in 1957, although there were some partial changes, this model of a centralized planned economy with a system of goods and materials supply was not altered. The major characteristics of this system were: 1) In terms of the ownership structure of the means of production, the ultimate goal was the realization of a unified, singular whole-people ownership state-run economy. Through merger and upgrading, it was intended that the collective economy would be continually weakened, that the individual economy would see increasing decline, and that the ownership structure would increasingly move in the direction of a government-enterprise unity and a government-commune unity and tend towards a unitary system. 2) In terms of the decision-making power over economic activities, the power was highly centralized in the hands of the state. Although management jurisdiction was handed down several times and recalled several times, on all occasions this was simply readjustment between the central authorities and localities, between departments and regions, and the enterprises remained in a basically powerless position. The administrative management by government departments became daily stronger, and the administrative mobilization factors in economic movement became increasingly numerous. The right of an individual to choose employment and the right of families to choose what to consume also were subject to certain limitations. 3) In the regulation of economic activities, basically this was arranged by mandatory plans from top to bottom. This was part of the unitary planning regulation system. In this, although at times the use of economic levers was stressed, the scope of such levers was limited. More importantly, the regulatory role of the market mechanism could not be brought into play because of the distortion of prices. 4) In terms of the economic interests relationship, there was one-sided stress placed on the unified interests of the state, while the differential interests of the enterprises and the individuals were lightly regarded or completely overlooked, producing a situation where the enterprises ate from the "big pot" of the state, the staff and workers ate from the "big pot" of the enterprise, and the egalitarianism in distribution became increasingly serious. 5) In terms of the economic organizational relationship, for a long period the government and the communes, and the government and the enterprises were not separated, and the enterprises were only appendages of administrative organs. The relationships between departments and regions were carved out on the basis of administrative divisions. Thus no industrial organizations that transcended departments were formed, and no economic regions centered on cities were formed. The relationships between enterprises were loose and their degree of organization was very low.

In China's economic construction, the reasons for the formation of such a structure are diverse. At that time, we were copying the economic structure of the Soviet Union from the 1930's to the 1950's, and thus we

followed the dual-form public ownership system, where state power was excessive and enterprise power was insufficient, and generally adopted administrative measures to restrict commodity production. There was also the influence of the supply-system factors from the revolutionary base areas during the war years. These included unified receipts and expenditure, being reimbursed for what one expended, egalitarian distribution with slight differentials, and the nonseparation of party, government, and enterprise responsibilities. In the environment at that time with acute contradictions on both the international and domestic levels, in order to strive for speed so as to be able to overtake the advanced countries, there was a pressing need to centralize the whole country's labor strengths, material strengths, and financial strengths and thereby establish an industrial system centered on heavy industry by which to strengthen economic power and national defense capabilities. Thus, under the historical conditions at the time, the establishment of this sort of structure had objective reasons, and also played a definite positive role in economic development. The highly centralized economic management system formed at that time served the heavy industry-centered development strategy during that time of catching up and overtaking the advanced countries. However, the formation of this economic structure and its increasing ossification was the result of understanding Marx in a mechanical and doctrinaire way, of thinking that socialism could not have a commodity economy, and that the social economy should be managed like a big factory. It was the result of copying the ideas Marx had for developing socialism in a highly developed capitalist society, only China was extremely backward both economically and culturally. This combination of the noncommodity economy theory and the natural economy ideas of China's traditional small-scale agricultural economy society meant that people grew to resent the commodity economy. Thus, during this change in the economic structure, the fledgling commodity economy which had not developed very far was nearly wiped out completely. This was prominently manifested in the socialist transformation of privately owned capitalist industry and commerce and the movement to institute people's communes in the rural areas. The "communist wind" of "egalitarianism and indiscriminate transfer of the means of production," which appeared during the movement to establish rural communes in 1958, negated commodity production and commodity exchange and brought with it disastrous consequences. On this point there is no debate. However, there are different views on the socialist transformation of private capitalist industry and commerce. In 1956, the proportion which the private capitalist economy constituted was already very small. In order to completely sever its relationship with the market, during the transformation, through the transitional step of joint operations by public and private enterprises throughout a whole industry and the method of fixed interest purchase, this economic component was hastily transformed into the state-owned economy. At the same time, through the merger and upgrading of

handicraft enterprises, individual handicraft enterprises gradually became nominally collective, but were actually local state-run operations. This resulted in the urban commodity economy elements in our country being further weakened and eliminated. In respect of this transformation of urban industry and commerce, in the past people all along believed that the transformation was carried out too abruptly and too completely. More recently, people have pointed out that this transformation was not only too swift, but actually wrong, as it was carried out under the guidance of the noncommodity economy ideology and its aim lay in establishing a highly centralized economic system with a unitary public ownership system as its base. They thus ask, if the shortfalls of the transformation of capitalist industry and commerce in the 1950's are only excessive speed and urgency, whether the private economy we are now allowing again will in the future be subject to the same transformation! It appears that this argument is not without merit and needs further research.

The second major switch in the Chinese economic structure began with the convening of the 3d Plenary Session of the 11th CPC Central Committee in December 1978. This plenum was a major turning point of historic significance. It cleared away the "leftist" mistakes which had remained for so long and pulled back the curtain on China's economic structural reforms. These economic structural reforms which began in 1979 can be divided into three stages: 1) The first stage, from the 3d Plenary Session of the 11th CPC Central Committee to just before the 3d Plenary Session of the 12th CPC Central Committee in October 1984; during this stage, the focus of reform was on the development of the rural areas, and its main aspect was the implementation of the family output-related contract responsibility system. The rural reforms greatly stimulated the production enthusiasm of the peasants, and agriculture witnessed overall sustained growth in output. It was this which stimulated the urban reforms. In the cities, the reforms at this stage were mainly centered on the expansion of enterprises' decision-making power, and some experimental reforms were instituted. 2) The 3d Plenary Session of the 12th CPC Central Committee which was convened in October 1984 formulated the "Decision on the Reform of the Economic Structure," and the focus of reform changed to the cities. The reform measures had the strengthening of vigor of enterprises as their key link, and a series of initial reforms were carried out in areas ranging from the production and circulation systems to the income distribution systems. 3) The 3d Plenary Session of the 13th CPC Central Committee which was convened in September 1988 formulated the principle of "improving the economic environment, rectifying economic order, and deepening reform," and the Chinese economy entered a new stage of concurrent readjustment and reform.

Through 10 years of reform, major changes have occurred in China's overall socialist economic structure, and these changes can be summarized in the following five aspects:

1. In the ownership structure aspect, a structural change began, whereby the unitary public ownership system changes to an ownership system where diverse economic components coexist, but where the public ownership system is the main aspect. The proportion constituted by the state-owned economy has declined and the proportion of nonstate components has increased. For example, in gross industrial output value, over the period 1978 to 1988, the proportion produced by the state-owned economy has declined from 80.8 percent to 64 percent, and the proportion produced by the collective economy has increased from 19.2 percent to 32.6 percent. Of the latter, the township and small town enterprises' output has grown to 14.1 percent. The proportion comprised by private ownership components, including the individual economy, private-operation economy, Chinese-foreign joint operations, and solely foreign-funded operations, has grown from about 0 percent in 1978 to 2.4 percent.

2. In the enterprise mechanism aspect, and especially in the state-owned enterprises which constitute a quite large proportion of the output value, profits, and tax revenue, a change has begun whereby, from being appendages of government departments, enterprises are gradually moving towards becoming commodity producers and operators which make their own decisions. Through the handing down of power and allowing the retention of profits, enterprises have seen an expansion of their decision-making powers in terms of finances, personnel, and supply and sales. Before the reforms, the profits that enterprises retained were less than 5 percent. In 1987, this figure was 45 percent. At present, through leasing systems, contract systems, and shareholding systems, experiments and exploration are being conducted into the separation of ownership rights and operating rights, and the clarification of property rights relationships. Now, in over 90 percent of state-run enterprises, contracted operation responsibility systems are in effect.

3. In the market mechanism aspect, the situation before the reforms, where only a few consumer items came within the gamut of market regulation, has, over the last 10 years, now changed to one where the market regulates the means of production and various production elements. At present, the agricultural and sideline products market and industrial consumer goods market have already been basically formed, the means of production market and short-term funds market have seen definite development, and technology, information, and long-term funds markets as well as a real estate market are beginning to appear. It is estimated that, in 1988, the products which have their prices determined by the market constituted about 65 percent of total agricultural and sideline products, about 55 percent of industrial consumer products, and about 40 percent of industrial means of production. Seen overall, the prices of about one-half of all commodities are regulated, to different degrees, by the market.

4. In the area of government management of the economy, a change has begun, whereby mainly direct administrative coordination is moving towards indirect

regulation and control through economic measures. There has been a very great reduction in the number of products managed through mandatory state planning, and the materials and products subject to unified distribution. Of the funds used in production and construction throughout the society, a very great change has occurred in the ratio between government financial allocations and bank credit. The former, which used to constitute over three-fourths of the total, has now declined to less than one-third, while the latter has grown from 25 percent to about 70 percent. There has been a great strengthening of the role of financial measures as well as pricing and other economic levers in regulating social supply and demand, and this has provided some initial conditions for the gradual change in macroeconomic management to indirect regulation and control.

5. In the area of internal and external economic exchange, a change has begun, whereby the closed and semiclosed economy is moving towards an open economy. The opening up has been done both domestically and externally. In the domestic economy prior to the reforms, because the government and enterprise functions were not separated, the central administrative departments and local government departments to which the enterprises were subordinate all strived to form complete systems within the scope of the enterprises they managed. Thereby blockades and divisions were formed between departments and regions. In the last 10 years, some exploration has been carried out into ways to separate government and enterprise functions and break down the walls between departments and regions. At present, a quite effective way to do this is the development of lateral economic alliances. According to statistics, throughout the country 49 lateral economic networks which cross prefectures and regions have already been formed, with close to 40,000 industrial and commercial alliances and over 100 major industrial enterprise groups. In the external economic relations area, the following steps have been taken: 1) in 1979, the central authorities decided that the provinces of Guangdong and Fujian should implement flexible policies, take special measures and open to the outside world; 2) in 1980, it was decided that four SEZ which would be open to the outside world should be established at Shenzhen, Zhuhai, Shantou, and Xiamen; 3) in the spring of 1984, 14 coastal cities and Hainan Island were opened up; 4) in the spring of 1985, it was decided to open up the Changjiang Delta, the Zhujiang Delta, and the Southern Fujian Delta region; 5) since 1986, the Shandong Peninsula and the Liaodong Peninsula have been successively opened up; 6) in spring of 1988, the decision was taken to establish Hainan Province and to make it the biggest open SEZ. In Guangdong and Fujian, reform and opening up experimental areas of a larger scale were established. At the same time, a coastal economic development strategy was formulated, and the degree of opening up to the outside world was expanded. In the last 10 years, the cumulative amount of foreign funds actually used through various forms was \$47.7 billion.

and the number of Chinese-foreign jointly funded enterprises, cooperative operation enterprises, and solely foreign-funded enterprises already approved is close to 16,000. The total volume of goods imported and exported in 1988 was valued at \$102.8 billion, a growth of 4 times over the 1978 figure of \$20.6 billion. Opening to the outside world has played an increasingly important role in China's economic development.

Through the 10 years of reform, China's original ossified, closed, highly centralized, planned economy system has gradually changed to a vibrant, open socialist commodity economy system. Reform and development have promoted each other and brought vigor to the national economy. At the same time, in the process of advancement of the Chinese economy, many problems and difficulties have been encountered. At present, the most prominent of these are: 1) The excessive speed of increase in prices. The prices of goods have seen consecutive years of large increase, particularly since the economy became overheated in the fourth quarter of 1984. In 1988, the inflation rate entered double figures and exceeded the capacity of the masses to bear the increases. The actual standard of living of quite a number of urban families has seen a decline. 2) The unfairness of income distribution. On the one hand, among the majority of the people, income differentials have not yet widened, and the tendency towards egalitarianism is still quite serious. On the other hand, there has been an irrational widening of the income differentials between different industries and different professions. In particular, the income inversion between mental labor and physical labor has further deteriorated. 3) Economic order and, in particular, circulation order, has become chaotic. Bureaucratic profiteering and private profiteering are very prevalent, corruption and bribery are widespread, and there has been an increase in the use of power to gain personal benefits and other improper phenomena. These problems have elicited widespread concern and a feeling of unease among the masses in society and have affected social stability and the people's confidence in the reforms. These phenomena are difficult to avoid in a situation where the reforms have not been in place very long, where market organization, laws, and regulations are not yet complete, and where the new order of the socialist commodity economy has not yet been established. However, if we are to continue to implement reform and opening up, we need to face these problems squarely and find ways of resolving them. The principle stated in October last year by the 3d Plenary Session of the 13th CPC Central Committee of improving the economic environment, rectifying the economic order, and deepening reform is intended to resolve these problems, and promote the continual progress of the cause of China's modernization along a correct track.

III

Theory is a summary of practice and is also the guide for practice. In the last 40 years, the practice of China's socialist economic construction and economic reform

has been closely linked with the development of economic theory work. Looking back at the economic theory work in China over the last 40 years, we can divide it into two periods, with 1978 as the dividing line. The economic theory during the first period served the traditional economic structure and thereby the traditional development strategies. This period can be further divided into three stages: 1) From the founding of the PRC to the middle of the 1950's; in general, that which was studied and disseminated during this stage was socialist political and economic theory imported from the Soviet Union. Around 1955 the economics circles tried to explore socialist economic theory integrated with the practice of China's socialist transformation, such as in the discussion about economic patterns in the transitional period. 2) From the middle to the late period of the 1950s, when socialist transformation was basically completed, to the first half of the 1960s; during this stage, research in socialist economic theory was further related to our country's realities and, in 1956-57, stress was placed on discussing commodity production, the law of value, and other such questions. In these discussions, there were already some economists, such as Sun Yefang, who had sharply revealed the various problems of the traditional economic structure, dissected them theoretically, and stated some reform ideas. In 1959 and early 1960, with the historical background of the summing up of the lessons and experiences of "the Great Leap Forward" and the "People's Commune" movement, the economic circles engaged in discussion, on a wider scale, about problems such as commodity production, the law of value, distribution according to work, socialist reproduction, and other problems, and achieved many results. 3) The 10 years from the first half of the 1960's to the "Great Cultural Revolution;" because of the hardening of the "leftist" line, there was an increasing trend throughout the country to "take class struggle as the key link," and this caused difficulties in the scientific research which was seeking truth from facts. The 10 years of the "Great Cultural Revolution" brought theoretical research in economic science completely to a stop, and traditional socialist scientific theory was pushed by the ultra-Leftist ideological tide to an utterly absurd position.

In the several decades prior to 1978, a major failing of traditional socialist economic theory which held the ruling position in China was that it solely studied the relations of production and overlooked research into the productive forces and the contradiction between these and the relations of production. This study of socialism, which was divorced from the development situation of the productive forces, led to "the theory of voluntarism" and the "natural economy-product economy theory" becoming popular in economic theory. The "theory of voluntarism" was manifested as one-sided stress on continual change in the relations of production so as to speed the transition to a unified whole-people ownership system and speed the transition to communism. It was also manifested in stressing political command, ideological consciousness, and other subjective factors, while

paying little attention to the role of the material and technological base and material interests principles in economic development and economic reform. The so-called "natural economy-product economy theory" is one which sees the socialist economy as essentially a noncommodity economy, but as a "product economy" established on the basis of a high degree of socialized production and characterized by distribution in kind. However, this "product economy" is understood from the angle of the "natural economy", which under the very undeveloped conditions of our country's productive forces is accompanied by feudal elements. The economic structure of China prior to the reforms was, speaking on the theoretical level, basically constructed in accordance with the understanding of the socialist "natural economy-product economy" view of socialism, under the influence of the "voluntarism" detailed above. Thus, it had the characteristics of a unitary ownership structure, economic movement on a barter basis, centralized economic management, egalitarian income distribution, and a closed door in China-external relations. Because we went further than other socialist countries in excluding diverse economic forms, excluding commodity money relations, excluding the principle of distribution according to work, and so on, the degree of centralization, materialization, closure, and egalitarianism was greater in Chinese economic activities.

The new period in the development of China's economic theory work also began after the 3d Plenary Session of the 11th CPC Central Committee stated the task of economic structural reform. Under the guidance of the principle of "seeking truth from facts and liberating the mind," China's economics circles gradually threw off the ideological fetters of "voluntarism" and, in the light of the practice of reform, engaged in reassessment of traditional socialist economic theory. The most basic achievements of this reflection were the gradual correction of the traditional idea of socialism having a noncommodity economy, the establishment of the socialist commodity economy idea, and the affirmation that China is still in the primary stage of socialism in which the level of the productive forces is quite low and the commodity economy is still very undeveloped. In this way, the new understanding of socialism led to the statement of the "socialist commodity economy idea" and the "idea of the primary stage of socialism." These two ideas can be said to be the two cornerstones of China's economic reform theory.

Correctly understanding the stage at which our country's society now stands is an important issue in the establishment of socialism with Chinese characteristics. In the "Resolution on Several Questions in the History of the Party Since the Founding of the PRC," which was passed by the 6th Plenary Session of the 11th CPC Central Committee back in 1981, the judgement that Chinese society is now in the primary stage of socialism had already been spelled out. The 13th party congress in 1987 again made a quite systematic exposition of the "idea of the primary stage of socialism" pointing out that

this was not a general reference to an initial stage which every country has to go through to enter socialism. Rather, it is a special historical stage through which our country's socialism must pass in escaping from semicolonial, semifeudal society, under conditions whereby the productive forces are far below the developed capitalist countries and where the commodity economy is extremely undeveloped. As to whether our country's socialist economy has a commodity economy nature, the economics circles debated this from the time the reforms began. The first time this was affirmed in a party document was in the "Decision on Economic Structural Reform," passed at the 3d Plenary Session of the 12th CPC Central Committee in 1984. This document clearly affirmed: "The socialist economy is a planned commodity economy based on the public ownership system." At one stroke, this dispelled the idea that socialism did not have a commodity economy, an idea which had occupied the ruling position in economy theory for so long. Thus, it showed that China's economic reform is a planned market-oriented reform which combines the planned economy and regulation through market mechanism. This was of epoch-making significance in the development of China's economic theory.

The major significance of the two cornerstones constituted by the idea of the primary stage of socialism and the idea of the socialist commodity economy lies in the fact that they got rid of the utopian factors and doctrinaire understandings in traditional Marxist economics. In facing the realities of modern China, they restored the Marxist idea that the final arbiter in appraising whether various theories, principles, and policies accord with socialism is whether or not they are beneficial to the development of the social productive forces. Of course, we have not discarded the yardstick of the relations of production and we must strongly adhere to socialist principles. However, we must tightly combine this with the productive forces standard and must not, like we did for a long time before, discuss socialism in an abstract way divorced from the productive forces.

On the basis of the theories note above, China's economic theory has seen a series of breakthrough advances. Those directly related with economic structural reform include advances in the following three aspects:

1. On the question of the ownership system, China's traditional theoretical understanding had the following mainstay concepts: In socialist society, the non public-ownership components, including the individual economy, are economic components on the brink of extinction; the public ownership economy should develop in the direction of unitary state ownership; there can be no interplay between different ownership system entities; and in the public-ownership economy, there can be no separation between ownership rights and operating rights. These mainstay concepts have begun to be shaken in recent years, and the new economic theory ideas have replaced them. These new ideas have included that of

diverse ownership systems coexisting on a public ownership base, and the idea that different ownership systems not only can coexist in the macroeconomic structure of the national economy, but can also interplay in the microeconomic structure of enterprises. Also, the idea that private operations can exist and develop in practice and can act as a supplement to the socialist economy has been affirmed on both the theoretical and legal levels. In the internal reform of the public-ownership economy, arduous exploration is being carried out in the direction of separating ownership rights and operational rights, as well as in the clarifying of property rights.

2. In the economic operational mechanism aspect, before the reforms were made, the basic understanding of economic theory was: the operational mechanism of the public ownership economy can only rely on coordination through direct administrative measures; enterprise activities can only be guided through mandatory state plans; the scope of the role of the market is limited to a few consumer commodities; prices only play a role in accounting and distribution; and the role of the state as the economic regulator and its role as assets owner cannot be separated. These traditional understandings have, through the reforms, been broken down and eliminated one by one. The formula of "the state regulating the market and the market guiding the enterprises" put forward by the new theory is an important component of the reform of the system of economic movement. It organically combines the three links of enterprise activities, market mechanism, and state management in an overall system: The enterprises should become independent commodity producers making their own decisions and taking responsibility for their own profits and losses; the market should not only include a commodity market, but should also include markets for funds, real estate, labor information, and other production factors, thereby forming a socialist market system; prices, interest rates, and other economic parameters should play roles as economic levers; the state's function as an economic regulator should be separated from its role as an owner of assets; and so on. The details of these ideas are now, in the light of the practice of reform, being deeply explored.

3. The income distribution aspect; prior to the reforms, the principle of distribution according to work, which was observed in China's economic theory, was subject to serious distortion by the egalitarian ideological tide. During the chaos of the 3-year "Great Leap Forward" and the 10-year "Great Cultural Revolution", the principle of distribution according to work was, under the pretext of criticizing bourgeois rights, said to be a capitalist and revisionist thing and thus negated. Since the reform, apart from restoring the idea of distribution according to work, the characteristic of the progress of distribution theory research has been the close linkage of the principle of distribution according to work with the principle of commodity exchange. Also, the idea has been stated that there should coexist diverse income distribution forms and diverse distribution mechanisms,

with distribution according to work being the main component, but also including some legitimate nonlabor income forms. Further, there has been discussion about linking labor supply and demand with the distribution question, and the idea has been proposed that labor income distribution should draw in the market mechanism. In this respect, there are still various categories which need to be further defined and many problems which need to be further explored and clarified.

The several important theoretical breakthroughs detailed above are all centered on the overall topic of reunderstanding the socialist economy, so as to provide a theoretical basis for setting down a target model for China's economic structural reform. At the same time, and especially since 1984, theoretical research in economic reform has entered a deeper level, with people being concerned not only with questions of what is to be reformed and what the targets of reform are, but also paying conscious attention to the study of the patterns of reform itself and theoretical questions related to the selection of reform strategies. Definite results have also been achieved in this area.

Seen overall, in the 10 years of reform, the progress in China's economic theory research has been very notable. However, because the new understanding of the socialist economy is a new topic and China's economic structural reforms have not been in place for a long period, the new understandings need to be tested through future practice. Thus, in the discussions, differences of opinion have been very deep. For example, since people widely accepted the proposition of the 3d Plenary Session of the 12th CPC Central Committee that the socialist economy is a commodity economy, there have been different understandings as to how we should go about developing the commodity economy. One view is that the commodity economy is essentially incompatible with the socialist economy and that it is something external to the socialist economy. Thus, they propose that in the primary stage of socialism, when the development of commodity economy measures to develop the socialist productive forces is inevitable, it is necessary to use the public ownership system, distribution according to work, and the planned economy in order to limit and transform the commodity economy. The people who hold this view have quite great reservations about the institution of market-oriented reforms in socialist society. Another view is that as the basic task during the primary stage of socialism is the development of the productive forces and the commodity economy is the best form by which to promote the development of the social productive forces, all ownership forms, distribution forms and macroeconomic regulation and control mechanisms which do not accord with the demands of the commodity economy should be transformed. This view one-sidedly stresses the productive forces standard and overlooks the socialism standard, one-sidedly stresses the positive role of the commodity economy on the development of the productive forces, and overlooks the negative role. There are even some people who advocate that in order to

develop the commodity economy, the public-ownership system should be changed into private ownership. Thus, this idea actually sets the commodity economy in opposition to socialism. There is also an idea which comes between the two ideas mentioned above. This idea proceeds from an analysis of the internal contradictions within the socialist public ownership system and holds that the commodity economy is one of the attributes of the socialist economy itself. It advocates appropriate transformation of the public ownership system, distribution according to work, the planned economy, and the traditional commodity economy, so that they can be unified or merged within the socialist economy. Further, in the selection of the key link in economic structural reform, there also exist widely disparate opinions. One view is that price reform is the key in achieving success in economic structural reform and advocates stressing market mechanism reform centered on pricing. Another view is that the success of economic reform will be determined by the success of reform of the ownership system, and advocates stressing enterprise mechanism reforms centered on the putting into order of property rights relationships. At present, the people who hold these views are mutually engaged in drawing on the other side's strengths, and in readjusting their own views and reform plans. There is even debate within the various sides which hold to the abovementioned two views. For example, among those people who stress the reform of prices, there are differences as to the speed at which and steps by which to advance: One concept is that we should "advance with big steps" and that the reform of the prices of materials and energy should be the focal point. First there should be readjustment and then freeing of the prices, and, within a short time, the great majority of product prices should be completely freed. In conjunction with the price reforms, there should be reform in the areas of finance, taxation, banking, and other aspects. The other concept is that we should "seek advance through stability" and that, in consideration of the economic overheating in recent years and the situation which is not advantageous to reform, we should adopt the "dual-directional coordination" strategy of stabilizing the economy and deepening the reforms. They suggest that for the first few years, we should concentrate on "stability," and that the reforms should progress but slowly, and that then after a few years, "progress" should be made the main concern, with the pace of reform being speeded up. These reforms would be coordinated with the reform of the market operational mechanism centered on price reform. At the same time, there would be enterprise reform centered on the clarifying of property rights and giving the enterprises independent operational rights and reforms, whereby the change from a mainly direct macroeconomic control system to a mainly indirect control system would be basically completed. Among the people who stress reform of the ownership system, there also exist differences as to the degree to which the reforms should be implemented: Some take the contracted operation responsibility system as the target model for enterprise reform, while some others see

the contracted operation responsibility system as a transitional step in deepening the reforms. The latter hold that we should clarify property rights relationships, establish an enterprise system based on the commodity economy, and realize changes in the enterprise organizational system and assets ownership rights relationships. The abovementioned differences of opinion on various questions reflect differences of understanding in respect of the socialist commodity economy, and also reflect the different expectations people have for the targets of China's economic structural reform and the avenues for achieving these.

IV

Beginning with the 3d Plenary Session of the 13th CPC Central Committee convened in September last year, China's economic reform and economic development entered a new stage of readjustment. This was because in the course of its advance China's economy encountered many difficulties, and there was a need to focus for a time on handling these difficulties. This was because these problems had been developing over many years and had formed and accumulated during the reforms. The resolution of many of these problems requires a longer time than just short-term readjustment, but they still need to be handled during the current readjustment stage. Below, I will discuss some of the major problems being encountered at present by the Chinese economy.

1. The inflation problem: as has been stated above, in the last few years, China has experienced quite serious inflation, prices have escalated for successive years, and, in 1988, inflation broke into double figures reaching 18.5 percent. In the first quarter of 1989, prices were up 27 percent over the same period in the previous years. Inflation and the chaos in market order have obstructed the smooth implementation of reform and development. A basic cause of this situation has been a structural one, with the old and the new systems coexisting. Thus, while power has been handed down, the self-restraining mechanisms have not yet been formed. Also, the demands for economic development have been too intense. All sides have been vying to beat others in terms of output value and speed, the financial policies have been too relaxed, and there have been mistakes made in terms of money policies. These factors have also played a causative role. The basic method for dealing with these problems is to eliminate, through thorough reforms, the structural sources of demand inflation and economic overheating. However, this is not something which can be done overnight. Thus, it is very necessary at present, in the implementation of the principle of improving the economic environment and rectifying the economic order, to develop policies which will slow the speed of development and to adopt, on the macroeconomic level, a dual financial and credit retrenchment policy, so as to exert great pressure on investment demand and consumer demand. However, in the guiding ideology, it should be clearly noted that improving the economic environment and rectifying the economic order should be combined with the deepening of reform. In improving

and rectifying, there needs to be joint use of administrative measures and economic measures. However, when using administrative measures we need to always remember that we must not set up obstructions to the introduction of market forces and must not, under the pretext of improvement and rectification, engage in monopoly operations or engage in division and separation of economic components. Otherwise, not only will we be unable to resolve the present difficulties, but it may well result in further deterioration in the area of resource deployment, and economic life will plunge into deeper disorder. In this process, how we are to combine improvement, rectification, and deepening of the reforms, how we are to master the orientation and degree of macroeconomic policies, and how we are to hold down overall demand without it leading to stagnation are major topics which require serious research.

2. The dual system problem during the structural changeover. At present, both the old and the new systems coexist in China, and regardless of whether people like it or not, this is an objective fact. The concurrent coexistence of the dual systems, which is a result of the 10 years of reform, has produced a series of new contradictions in economic movement. Because of the coexistence of the old and the new systems, there have appeared dual regulations in the social economy. Thus, not only have intense friction and clashes been produced between these two systems, but even within each of the systems, complex contradictions have occurred. At the same time, between the two systems, vacuums and loopholes have occurred and these have brought unprecedented difficulties to state macroeconomic management. The plurality of economic signals has led, in various degrees, to inequality of opportunities, and some people have been able to use the price differences, profit differentials, and exchange differences between the two systems to engage in "bureaucratic profiteering" or "private profiteering" or other illegal activities. This has thus become a hotbed for various phenomena of corruption. At the same time, because of the instability of operational regulations, there is really no way to overcome the short-term activities of individuals, enterprises, and governments. This thus brings more elements of instability into economic movement. In response to the disadvantageous effects brought to economic and social activities by the contradictions and friction between the two systems, many economists have advocated ending the situation of two confrontational systems at the earliest opportunity, and making the transition to where the new system is in the guiding position as quickly as possible. However, the coexistence of the dual systems and especially of dual-track pricing is closely related to the overall social supply and demand situation and the inflation situation. As long as the problem of total demand greatly exceeding total supply remains unresolved, and as long as the price increases caused by inflation are not contained, it will be difficult to shake free from the yoke constituted by the coexistence of the two systems. How, under the present social and economic conditions, we are to carry out the switch from the old system to the new, and how we are to

reduce, as far as possible, the friction in economic movement are also questions which require serious research.

3. The problem of the switch in economic structure and the switch in development strategy: as has been noted above, our country's highly centralized economic management system prior to the reforms, which had administrative measures as its main component, accorded with and served the original economic development strategy, which was a hastily developed strategy centered on heavy industry. After the reforms, the switch from the old economic structure to the new economic structure began. This, likewise, cannot be separated from the switch in development strategies. The essence of this switch in strategy was that an extensive development strategy characterized by the pursuit of output value increases and the stressing of the development of heavy industry switched to an intensive development strategy characterized by the goal of the satisfying of diverse demands and by stress placed of qualitative results. Since the beginning of the reforms, in the process of economic structural changeover, there has been exploration of avenues for economic development strategy changeover. However, seen overall, our country's economic development is still in the initial stage of the transition from low-efficiency extensive operations to high-efficiency intensive operations. In the last few years, because of the abovementioned problems of the coexistence and friction of the new and the old systems during the structural switch, and because, on the development policy level, there has been no effective restraint on the impetus of pursuit of increased output value, there has been no essential change in the situation of repeated economic overheating, and economic fluctuations still regularly occur. Although there has been an improvement in economic results, in many respects there still has been no major improvement. On the contrary, the various state subsidies have tended to increase. The development of education, agriculture, communications, and transport has stagnated, shortages of energy and raw materials are becoming more serious, and the situation of distortion in the industrial structure continues to get worse. All of these facts show that there is still a long way to go in the changeover of economic development models. How to further organically combine the changeover in the structural model with the changeover in the development model is a major topic which we cannot avoid when pondering China's reform and development.

4. The problem of the coordinated implementation of economic reform and political reform: it goes without saying that the present political structure was linked and coordinated with the original economic structure, and certain contradictions exist between it and the realization of the reform goal of a socialist commodity economy. The operation of a socialist planned commodity economy requires the unity of rights and obligations. However, under the current system, the situation of slanting and dislocation between rights and obligations is extremely serious. For quite a few years, as

compared with the advances attained in economic reforms, political reform has been quite tardy. This in turn is not beneficial to the resolution of some of the difficult problems produced in the process of economic reform. This is one of the factors giving rise to turbulence in society. How to combine economic reform and political reform, and through economic reform, promote political reform, while through political reform, guaranteeing and speeding economic reform, is a major issue in the current improvement of the economic environment and rectification of the economic order. It is also a long-range task in order to guarantee the further deepening of reform, so as to achieve long-term stability and peace for the country. This problem has already been put on the state's agenda and it demands our serious thought and resolution. (This article was written at the request of the magazine "VOPROSY EKONOMIKI" ["QUESTIONS OF ECONOMICS"] of the Soviet Union's Academy of Sciences. During the writing of the article, I received the assistance of Comrade Han Zhiguo [7281 1807 0948] to whom I would like to express my thanks.)

Capital Iron, Steel Corporation Improves Results

HK3010084089 Beijing RENMIN RIBAO in Chinese
23 Oct 89 p 2

[Report by Wu Jinxin (0702 1696 2450): "Capital Iron and Steel Corporation Achieves Increasingly Better Economic Results"]

[Text] The Capital Iron and Steel Corporation has given full scope to the role of the contract system and has thereby greatly increased its economic results. After realizing a profit of 180 million yuan in August, the Capital Iron and Steel Corporation realized another record profit of 181.9 million yuan in September, this year, representing an increase of 24.67 percent compared with that in the corresponding period of last year.

The Capital Iron and Steel Corporation is the first big Chinese enterprise to implement the contract system. Since implementing the contract system, the Capital Iron and Steel Corporation has maintained an annual profit growth rate of 20 percent over the past 10 years. During this year, like other big Chinese enterprises, the Capital Iron and Steel Corporation came across some unprecedented difficulties, such as lack of energy and a rise in the prices of raw materials and fuel. One of the most effective measures adopted by the Capital Iron and Steel Corporation in tackling such problems and developing its production is the implementation of the contract system. Since the beginning of this year, two major production plants of the Capital Iron and Steel Corporation have reshuffled their leading bodies because their leading bodies had failed to effectively enforce the contract system and improve their production outputs. Some units of the Capital Iron and Steel Corporation have also taken steps to link the bonuses paid to the staff of their management departments and offices with the production outputs of their respective plants and mines. As a result, the staff of those management departments

and offices which fail to fulfill their production quotas cannot receive bonuses. This new practice has enabled the cadres of those management departments and offices to go out of their offices and go to the forefront of production to discuss with the workers new measures aimed at creating conditions for fulfilling their production quotas. According to the incomplete statistics, in September, this year, the various units of the Capital Iron and Steel Corporation broke 50 of their previous output records.

Article Views Township Enterprise Relationships

HK3010052689 Beijing WEN ZHAI BAO in Chinese
No 666 19 Oct 89 p 1

[Article from 12 Oct KEJI RIBAO: "Head of Ministry of Agriculture's Township and Town Enterprise Department Calls for Attention to 10 Relationships Regarding These Enterprises"]

[Text] In light of the people's present insecurity over township and town enterprises, Ma Jiesan, director of Township and Town Enterprise Department of the Ministry of Agriculture, pointed out recently: Township and town enterprises have played an important role in developing production and increasing the state's economic strength. The state has no intention of "cutting down" a large number of them, but should squarely face the existing problems of township and town enterprises and resolutely close those enterprises which waste electricity and raw materials, cause pollution, and yield poor economic results. In improvement and rectification, we should control the development of township and town enterprises and concentrate our efforts on enterprise management, staff training, and product quality. He pointed out that we should pay attention to thoroughly grasping the 10 relationships in the propaganda of township and town enterprises, so as to guide the enterprises to develop in a healthy way. The relationships are: 1) the relationship between township and town industries and agriculture; we should not develop township and town enterprises at the neglect of agriculture; 2) the relationship between township and town industries and urban industries; the joint development of cities and towns should be achieved through the path of association; 3) the relationship between quantity and quality; currently, it is especially necessary to stress quality and not blindly pursue the setting up of factories in all villages; 4) the relationship between macroeconomy and microeconomy; we should propagate more about the township and town enterprises which consciously accept readjustment and conform to the state's macroscopic regulation and control; 5) the relationship between developing extension and developing intension; we should propagate more about the typical examples which take the road of intension in their development and depend on technological progress to tap potential and carry out transformation; 6) the relationship between accumulation and consumption; township and town enterprises should be encouraged to increase accumulation, reduce consumption, make a plan to carry out long-term arduous

struggle, and discard the idea of relying on loans; 7) the relationship between foreign trade and domestic trade; export enterprises earning foreign exchange generally take great risks and have low profits, but they make great contributions to the state; the media should give them support; 8) the relationship between pollution and the three wastes; we cannot move and spread the "three wastes" to the rural areas because of the development of township and town enterprises; 9) the relationship between centralization and decentralization; attention should be given to reporting the experience of small market towns and small development zones; 10) the relationship between government work and enterprise work; it is necessary to propagate the experience of running township and town enterprises well under the support of township and town governments and to vigorously promote separation of government work and enterprise work.

'Democratic Management' System To Expand Workers
HK3010004689 Beijing CHINA DAILY in English
30 Oct 89 p 1

[By our staff reporter Wen Jia]

[Text] Democratic management in State-owned enterprises will be expanded to stimulate workers' productivity, according to Yuan Baohua, president of the China Enterprise Management Association.

Yuan said in an interview that this policy is in line with the principle of workers' role as masters of the nation.

"Workers' creativity can only be fully tapped when they actually use their democratic rights as the masters of enterprises."

In addition to exercising supervision over enterprise leaders, the workers may offer advice to management, vote on their leaders' decisions and even recall the directors or managers they have elected through their own organizations.

These rights are spelled out in the country's first State-Owned Industrial Enterprise Law, which took effect last year.

The role of workers in managing their enterprises is especially important now, Yuan said, because Chinese enterprises have adopted the factory director or manager's responsibility system and the contract system, which aim to ensure the management authority of directors and contractors.

According to Yuan, State-owned enterprises exercise democratic management at three levels: in the workshop teams, in the factories' management committees and in workers' congresses.

Workshop heads usually must discuss anything concerning production with the workers. In each management committee, one-third of the members must be representatives of workers.

The rights of workers' congresses include discussing important production issues, studying problems concerning workers' interest and electing and dismissing enterprise administrators.

In Liaoning Province in northeastern China, more than 115 factory directors and managers have been discharged by workers' congresses or stripped of their authority due to workers' complaints since 1988.

The director of Red Star Machinery Factory in Jinzhou City spent 55,000 yuan of circulating capital on an apartment for himself after the factory earned a profit of 80,000 yuan in 1988. He ignored the complaints of the chairman of the factory's trade union.

Earlier this year, the workers' congress of the factory held a session and recalled him by a vote of 28 to 5.

Nevertheless, Yuan, who is also a member of the Advisory Commission of the Party Central Committee, said that the development of democratic management has been rather uneven.

The situation is usually better in larger enterprises than in smaller ones, and better in State-owned enterprises than in collectively-run ones.

He warned that it would be dangerous if workers' congresses were reduced to rubber stamps.

Nearly all State-owned industrial enterprises in the country have established a workers' congress.

Eastern, Coastal Areas Maintain Largest Industries
HK2910074089 Beijing RENMIN RIBAO in Chinese
24 Oct 89 p 1

[XINHUA Report: "Most of the Largest Industrial Enterprises Are Located in the East and Coastal Areas of China"]

[Text] Beijing, 23 Oct (XINHUA)—The magazine GUANLI SHIJIE [MANAGEMENT WORLD], run by the Development Research Center of the State Council and the Industrial and Transport Section of the State Statistical Bureau, recently published the results of the studies of the 500 largest industrial enterprises in 1988. The research showed that China's largest industrial enterprises were mainly located in the eastern part and the coastal areas of the country, and industry was distributed in a tiered structure from the east to the west of the country.

Of the 500 largest industrial enterprises, 317 are located in the 12 eastern and coastal provinces. They account for 63.4 percent of the total number, and their output value accounted for 66.4 percent of the total of the 500 enterprises, their sales accounted for 66.7 percent, and their tax-profit contributions accounted for 60.1 percent. In the six provinces and autonomous regions in the west, there are only 25 of the 500 largest enterprises, accounting for 5 percent of the total number. Their

industrial output value accounted for 4.5 percent; their sales accounted for 4 percent; and their tax-profit contributions accounted for 3.7 percent.

Some economists held that the research results showed a rather serious lopsided structure in the regional distribution of industry in our country. They proposed that while further giving play to the role of the two traditional industrial bases in Shanghai and Liaoning, we should also make full use of and develop energy and resources in the western region. In the course of future economic development, the western region should become the focus of socioeconomic development in our country in the early 21st century, so that regional balance can be achieved in economic development.

Labor Minister Urges Continued Wage Reform

OW2810124889 Beijing XINHUA in English
1228 GMT 28 Oct 89

[Text] Beijing, October 28 (XINHUA)—China's reforms on its wage system and employment will be carried out continually in 1990, said Yuan Chongwu, minister of labor and personnel.

Speaking at a national conference of labor bureau directors, Yuan said that readjustment of wage distribution should be implemented, and in some localities and sectors where conditions permit, the total amount of wages in enterprises can even be linked to their economic efficiency.

Meanwhile, he said, more guidance should be given to wage distribution in enterprises, to improve unfair distribution of social income.

In 1989 the increase of total wages was slowed down, and the chaotic distribution of wages and bonuses was controlled to some extent, according to the minister.

Yuan said the employment situation should be further stabilized. Besides the state-run enterprises and institutions, the collective and private economic sectors can also play an important role in increasing employment.

He stressed that vocational education should be strengthened so as to rationalize pay increases on the basis of qualification.

In his speech, Yuan also said that it is important to control the increase of employment in state-run enterprises and institutions, and to improve the pension distribution and industrial safety.

He also urged to speed up the drafting of a labor act.

4 Percent Unemployment Rate Forecast

HK2810031289 Beijing CHINA DAILY in English
28 Oct 89 p 1

[By staff reporter Wang Xiangwei]

[Text] Unemployment is rising and will probably reach 4 per cent by the end of this year, said a senior economist yesterday.

"The Sword of Damocles hanging over the capitalist society is now hanging over the heads of the workers of New China," said Song Xiaowu of the China Enterprise Management Association (CEMA) at an international symposium in Beijing.

Song, director of CEMA's department of labour, suggested that China should further exercise control on population growth and labour flow, improve labour productivity and unemployment security system as well as developing township enterprises to check unemployment.

Song made these remarks at the Ninth Business Leaders Symposium which has attracted about 170 Chinese and foreign business leaders. The three-day symposium, co-sponsored by the CEMA and the World Economic Forum, ended yesterday.

Song said that China's current economic readjustment and cutdown on capital construction contributed to the big jump in the unemployment rate, compared to 2 per cent in February this year.

"The unemployment problem has come to the forefront of our whole society," Song said. "How to correctly identify and effectively solve the problem poses a new challenge to the theory and practice of China's economic development and structural reforms."

The situation is even more serious, Song said, when you take into consideration the fact that there are about 20 million surplus employees in the country's state-owned enterprises because of the State's past decisions to force enterprises to absorb labourers to eliminate unemployment in this socialist country.

As China is intensifying economic reforms in which enterprises are encouraged to apply new techniques, improve productivity, and reduce costs, the cost of these unproductive people could have an even more adverse effect on China's economic development.

In rural areas, Song said, the implementation of the household contract responsibility system with remuneration linked to output as well as improvement of agricultural productivity, have left 80 million surplus farmers in the rural areas hunting for jobs.

Because of the government's tight credit and clampdown, Song quoted the Ministry of Agriculture as saying that township enterprises, the major source for rural employment, will absorb 50 per cent less in 1989 than in 1988.

He said that although there is a hot debate among Chinese scholars and economists on whether socialist countries like China should allow unemployment, a considerable number of people agreed that using administrative means was unable to eliminate unemployment.

Song said Guangdong, the first province to open to the outside world with economic reforms, has set up unemployment institutions for those unemployed.

By the end of last year, the province had accumulated about 64 million yuan in unemployment security funds.

Relief payments of 700,000 yuan have been paid to 3,400 out of 8,930 registered unemployed workers.

Many Retired Workers Find New Employment

OW2910074689 Beijing XINHUA in English
0702 GMT 29 Oct 89

[Text] Beijing, October 29 (XINHUA)—About 3.6 million retired workers in China are reemployed according to today's "WORKERS' DAILY."

By the end of 1988, the number of the retired reached 20.87 million, the paper said.

Each year, some one million people retire in the country when males reach the age of 60, and females, 55.

A sample survey shows that about 23.57 persons per hundred urban households retired last year. Of them, 4.11 persons or 17.4 percent were reemployed.

The sample also shows that of the reemployed retirees, males account for 71.4 percent, and females, 28.6 percent.

More workers and cadres in large and medium-sized cities tend to find jobs after retirement than people in small towns and counties.

Over 50 percent of the reemployed retirees engage in the service industries, and those who start their own business after retirement only account for 4.8 percent.

National Meeting of Light Industry Groups Ends

OW2710150989 Shanghai Voice of Pujiang
in Mandarin to Taiwan 1000 GMT 16 Oct 89

[Text] The 4-day national forum on the work of light industrial enterprise groups ended in Shanghai on the afternoon of 15 October. The forum called on light industrial enterprise groups to consolidate, improve, and upgrade [words indistinct] in a selective and planned manner and to give priority to restructuring and enhancing their functions while improving the economic environment and rectifying the economic order.

It has been learned that, across the country, there are 160 light industrial enterprise groups, accounting for only 0.23 percent of the nation's light industry enterprises. Their output value, however, accounts for 15 percent of the nation's total light industrial output. Their total output last year was 25 billion yuan. Enterprise groups have become increasingly important for light industry.

The forum called for stepping up macroeconomic guidance for enterprise groups, developing export-oriented groups, and upgrading their level.

Expert Urges Readjusting Industrial Structure

OW281020989 Beijing XINHUA in English
0906 GMT 28 Oct 89

[Text] Beijing, October 28 (XINHUA)—China should make painstaking efforts to readjust its industrial structure to ensure a rational utilization and deployment of economic resources, an economics expert said here today.

Gan Ziyu, vice chairman of China's State Planning Commission, told participants at an international symposium that structural contradictions remain in Chinese industry.

Gan pointed out that since the implementation of the reform and open policies ten years ago, China's industrial structure has been improved through readjustments.

He said that up until 1988 the output of primary industry decreased year by year, that of secondary showed a slight increase trend, while that of tertiary industry increased rapidly.

In the past ten years, agricultural input also showed a comparatively rapid increase over industrial input. The output value of light industry gained a comparatively bigger increase than that of heavy industry, while the total foreign trade volume accounted for 27 percent of the GNP in 1988, as against 15.4 in 1981.

However, added Gan, in the past few years, the problem of total demand outstripping total supply cropped up and there are still some contradictions in the industrial structure.

Explaining the impact of these contradictions, Gan said, the pace of agricultural growth has slowed down since 1985, thus decreasing the grain output per capita. Basic industry is comparatively weak while processing industry grows excessively rapidly. The growth of transportation capacity lags far behind the growth of total industrial output value. Regional distributions of some important industries are scattered and irrational. The organizational structure is also irrational. And finally, the enterprises' scale of production is both small and scattered, and the level of specialization is low.

Gan pointed out that the above-mentioned structural problems have become restraints to the development of China's national economy. Structural adjustments have to be made in the course of the current situation of harnessing the economic environment and rectifying the economic order.

Gan believes that through the implementation of a State Council decision made earlier this year, it is expected that a new situation will be created in the next three years. This will mean that the excessive growth of processing industries will be reduced, the irrational demands for investment and consumer goods will be cut back, the productive capacity of basic industries will be

increased and those industries which can expand effective supply will be promoted, thus laying a sound foundation for further improvement of long-term industrial structures.

Automobile Makers Combine To Form Truck Company

HK2810072089 Beijing RENMIN RIBAO in Chinese
23 Oct 89 p 2

[Report by Zhang Jun (1728 0193) and Meng Jianwei (1322 1696 0251): "China Heavy-Duty Truck Company Takes Shape"]

[Text] In view of the fact that more and more heavy-duty trucks are needed because of the national economy's development, China Heavy-Duty Truck Industrial Enterprise Joint Company was re-established in Jinan in March 1983, and the company has now taken shape.

It is a multiprovincial joint company mainly composed of several medium and large automobile manufacturing enterprises including Jinan Automobile Manufacturing Company, Sichuan Automobile Manufacturing Company, and Shaanxi Automobile Manufacturing Company.

In accordance with the demand of the state, the company has mainly relied on automobile manufacturing technology imported from the Steyr Company of Austria, and has constantly promoted lateral economic links to open up a new way for developing a group company. Now the company has been developed into a large enterprise group which includes 16 plants and 35 affiliated units. These affiliated units are located in 39 cities (counties) in 13 provinces. In 1988, the company produced a total of 10,732 trucks, and its total industrial output value was 1.22 billion yuan, a respective increase of 42.2 percent and 15.48 percent over 1986. It earned foreign exchange of \$7.07 million through exports. Its affiliated Heavy-Duty Truck Import and Export Company earned foreign exchange in the sum of \$1.81 million through direct exports. This year, the company has succeeded in overcoming difficulties caused by the shortage of raw and processed materials, funds and energy, and is making efforts to adopt measures for increasing production. From January to September, it manufactured a total of 9,337 trucks.

Editorial Urges Farmland Capital Construction

HK3110095689 Beijing RENMIN RIBAO in Chinese
30 Oct 89 p 1

[Editorial: "Carry out Farmland, Water Conservancy Capital Construction on a Large Scale"]

[Text] Beginning this autumn and winter, the State Council has decided to mobilize the masses, concentrate human and material sources, and carry forward the spirit of plain living, hard struggle, and self-reliance for 3 to 5 years to develop farmland and water conservancy capital construction on a large scale. In the course of reform and opening up, this will be an important policy decision for

strengthening agriculture and stabilizing the economy. The government at all levels should earnestly implement the spirit of the State Council's "Decision on Developing Large-Scale Capital Construction," make full use of the slack winter season to bring farmland and water conservancy capital construction into line with rural central work, pay close attention to it until satisfactory results are achieved, strive to improve China's farmland and water conservancy works within 3 to 5 years, lay a solid foundation for bumper agricultural harvests in the coming years and further development of agriculture in the 1990's, and create conditions for agriculture to break through the stagnation.

Agricultural production, the steady growth of grain production in particular, is of vital importance to the overall situation of the national economy, social stability, development of various undertakings, and consolidation of the industry-agriculture alliance. Practice over the past 40 years has repeatedly taught us that there can be no steady agriculture without the development of water conservancy works. In his National Day speech, Comrade Jiang Zemin said: "It is necessary to increase investment by the state, locality, collective, and peasants in agriculture, expand farmland and water conservancy capital construction, vigorously develop farm industry, and improve the conditions of agricultural production." In his government work report delivered at the Second Session of the Seventh National People's Congress, Comrade Li Peng stressed: "To guarantee bumper agricultural harvests, it is absolutely necessary to attach importance to farmland and water conservancy capital construction, bring rivers under control, increase our ability to combat disasters, and especially ensure safety in flood prevention work."

Chinese peasants have the tradition of making use of slack seasons to build water works, level land, and collect manure. All localities have also accumulated rich experience in improving soil, transforming mountains, and taming rivers. With the rapid development in agriculture and bumper harvests reaped in recent years, however, some comrades ignored farmland and water conservancy capital construction. In a number of localities, water conservancy works have been damaged to varying degrees, production conditions have not yet improved, and the ability to combat natural disasters has been weakened instead of being enhanced. According to estimates by experts, even in normal years, grain output affected by droughts and floods throughout the country totals around 10 billion kg. The loss is still greater in years of disaster. This is an essential reason for the stagnation of China's grain production since 1984. Impelled by both positive and negative experience, an upsurge of farmland and water conservancy capital construction rarely seen over the years has emerged in some localities recently. Focused on the spirit of self-reliance, plain living, and hard struggle, many localities have made a success in the emulation drive of transforming mountains and taming rivers. Viewed from the country as a whole, both the scale and growth of farmland and

water conservancy capital construction is still far from meeting the needs of agricultural development, improving the production conditions, and establishing a steady agricultural foundation. The development is also uneven in various localities. Some provinces, municipalities, and autonomous regions put in an annual average of 20 work days per laborer, while others only 3 to 5 work days. Some localities try to increase investment from various fields. In other localities however, investment in water conservancy works has not even resumed to the level of 1980. This shows that we must profoundly understand the spirit of the State Council decision and speeches by leading comrades of the central authorities. It is necessary to acquire a reunderstanding of the immense role of farmland and water conservancy capital construction in agricultural development and to develop mass farmland and water conservancy capital construction nationwide in a down-to-earth manner.

Making use of the slack winter season to build water works, improve soil, and level land is required for enhancing the foundation of agriculture, increasing the staying power of agriculture, developing agricultural production, and stabilizing the national economy as well as for resolving the question of surplus rural labor (particularly the seasonal, idle labor).

We gained experience and also drew lessons from the high tides in China's farmland and water conservancy capital construction in the past. To sum up, we should uphold the scientific attitude of seeking truth from facts and never go through the motions at any moment. Efficiency, science, quality, and practical results should be stressed in all projects. It is necessary to ensure the building, completion, and practical results of every project. In light of the arrangements of the State Council, farmland and water conservancy work for the coming winter and spring should be focused on renovation of the existing projects and formation of a complete network. By so doing, we can get twice the result with half the effort. All localities should start from the pressing problems which the masses are most concerned with and which can turn out marked economic results and strive to combine farmland and water conservancy capital construction with agricultural development, the building of commodity bases, and the transformation of low-yield land so that farmland capital construction can develop with local characteristics and that the principle of efficiency runs through the process from beginning to end.

Facts of all localities have proved that the masses have a vast reservoir of enthusiasm for developing large-scale farmland and water conservancy capital construction. The peasants of all localities have increasingly demanded for taming rivers and improving the production conditions. Now the leaders at all levels should fully understand their duties and undertake the heavy responsibility of organizing the masses. The decision of the State Council says: "The success or failure of farmland and water conservancy capital construction and the increase or decrease in water conservancy fixed assets

should be the essential contents for assessing the achievements of the government at all levels." All localities should earnestly implement this decision. Commencing this autumn and winter, we should see how they have developed farmland and water conservancy capital construction and whether they have made it a success.

As the building of water works involves various trades and professions, all departments should make concerted efforts. The departments concerned should take practical action to support agriculture; ensure supply of materials, machines, and funds required for farmland and water conservancy capital construction; do well work in all fields in coordination with the water conservancy departments; and help agriculture break through the stagnation.

Consumers Urged To Refrain From Panic Purchases

*HK2710091089 Beijing RENMIN RIBAO in Chinese
19 Oct 89 p 2*

[Report: "SHICHANG BAO Carries an Article, Saying That Rush Purchase and Reluctant Purchase Are Undesirable"]

[Text] Today, SHICHANG BAO [Market News] published a reporter's commentary, entitled "Rush Purchase and Reluctant Purchase Are Both Undesirable," commenting on the phenomenon of consumers being reluctant to purchase.

This year, market sales have weakened and some commodities are seriously overstocked. Although commercial units have carried out "discount" sales with 5-50 percent off, many consumers are keeping their money ready for purchase. This is the sequel to last year's panic purchases.

The commentary held that the four periods of panic purchase in 1988 were induced by steadily increasing prices. The consumers, who had longed for consumer goods for many years, sensed that inflation and currency depreciation would be a threat to them. To protect their own interests, they purchased things to preserve value. The panic purchase resulted in an even greater shortage of commodities, and commodity prices took advantage of the panic purchases to increase more substantially. Consumers have now reflected upon panic purchasing: The money that could have been used to buy a refrigerator and a color television set a year or two ago, can buy only one of them now. Is this worthwhile? However, producers and operators have been waiting for a hot season for sales, but things have gone contrary to their wishes.

Where does the problem lie? The commentary held that prices have suppressed consumption. A consumer is quoted as saying: "I have worked laboriously for 2 or 3 years but I still need to borrow money to buy a color television set. I have suffered losses from panic purchase." Other people who rushed to purchase "goods in great demand" also regret it. But for some people, it is a

fall into the pit, a gain in their wit' and they will take a wait-and-see attitude. This is the basic mentality of some consumers today.

After discussing reluctant purchase, the commentary then talked about the consumers' consciousness of self-protection pointing out: The sales market this year is sluggish but there are also brisk seasons. Take the Beijing Fashion Festival in 1989 as an example. Before it opened, an entry ticket of 50 fen was sold at 5 yuan on black market; after the opening, there were many visitors, and for the first few days, the daily sales of goods was 200,000 yuan. This shows that the consumption desire of the consumers was still strong and they wanted to buy commodities of high quality at low prices as they could compare prices at different shops in the fair. We need to spend money to attain the best benefits—this is the experience summed up by people after they experienced panic purchasing. It can be regarded as a thing that consumers have strengthened in their consciousness of self-protection.

The commentary also talked about a potential threat to the market, i.e., it is possible to have a new round of panic purchasing because a great purchasing power has been accumulated. It held that the principle of rectification, improvement, and deepening reform has played a good role in eliminating inflation, especially in stabilizing commodity prices. It has made consumers feel secure. However, this has merely eliminated the consumers' worry about currency depreciation but did not root out their driving force to seek high consumption. We should also note that in stabilizing commodity prices, some places have largely depended on administrative measures. The material conditions for stabilizing commodity prices are not complete and the impulses to increase prices still exist. That industrial products have their prices increased in different places is a clear example. The current social purchasing power is quite strong but the effective supply cannot catch up with this. If there is not effective macroscopic regulation and control, there will be a possibility of a new round of panic purchasing.

In conclusion, the commentary said: The phenomenon in which consumers keep money ready and adopt a wait-and-see attitude is temporary. What will the sales conditions in the market be next year? There are various estimates. However, one point is rather consistent. Since the second half of this year, the prices of many commodities, particularly electrical appliances, have fallen or are falling to the standard which basically matches their value. If these appropriate prices can be stabilized, consumers will accept it psychologically and purchase normally.

SHICHANG BAO also carried an editorial entitled "Normal Purchase Is Good."

New Plan Projects Seashore Reclamation

OW2710134189 Beijing XINHUA in English
1159 GMT 27 Oct 89

[Text] Beijing, October 27 (XINHUA)—A new plan has just been drafted in China to open up 2.02 million hectares of seashore land by the end of this century, representing 82.4 percent of the total land in the country.

According to an official from the Ministry of Agriculture, the land will be used to grow rice, cotton, oil-bearing crops and trees. Some of it will also be used for fish-breeding, kelp cultivation and salt-processing.

The official said China has 3.7 million hectares of such land waiting to be used. With ample rainfall and sunlight, most of it lies in densely populated areas where arable land is scarce. The land can be reclaimed because such provinces are more economically developed and technologically advanced than others.

If the plan is carried out successfully, the ministry official said, the coastal land can provide 1.4 million tons of grain, 53,200 tons of cotton and 257,700 tons of prawns every year, as well as some other marine and sideline products.

More Land To Be Used for Grain, Other Crops

OW2710123589 Beijing XINHUA in English
1052 GMT 27 Oct 89

[Text] Beijing October 27 (XINHUA)—The 13 provinces that are China's major producers of summer crops are expected to increase their autumn and winter sowing areas for grain and oil-bearing crops by 2.4 percent over the figure for last year.

This is shown in the latest sample survey by the State Statistics Bureau of 400,000 farming families in the 13 provinces.

To achieve another bumper harvest of summer grain next year, the Ministry of Agriculture has been urging the regions to stabilize growing areas and the southern provinces have been asked to use land that has been lying idle in winter.

According to the ministry, the 14 provinces in south China produce 40 percent of the summer grain and 85 percent of the edible oil in the country. If only a quarter of the land left fallow during the winter is used, an additional 10 billion kilograms of grain can be added to the country's food basket.

An official of the ministry said the growing area for cotton may increase early next year because the State Council has recently decided to raise the purchasing price of cotton and oil-bearing products.

State To Raise Cotton, Oil-Bearing Crop Prices

*HK3010064189 Beijing RENMIN RIBAO in Chinese
22 Oct 89 p 1*

[Report by Liu Xiao (0491 7197): "The State Council Has Decided To Raise the Prices of Cotton and Oil-Bearing Crops Next Year; Ministry of Commerce Hopes that the Peasants Will Sow and Grow More Cotton and Oil-Bearing Crops"]

[Text] The State Council has decided to raise the purchase prices of cotton and oil-bearing crops next year. A responsible comrade of the Ministry of Commerce hoped that all localities can promptly transmit this message to peasants so that the peasants will grow more rapeseed and reserve more farmland for cotton growing.

According to the briefing of this responsible person, the output of oil-bearing summer crops has increased this year, but the purchase volume has decreased. The output of oil-bearing autumn crops tends to drop again. Because the area for growing cotton has been reduced by more than 7 million mu and some places have suffered from rather serious natural disasters, there is some difficulty in fulfilling the purchasing task. To arouse the enthusiasm of the vast numbers of peasants in growing cotton and oil-bearing crops, the State Council has decided to increase the prices of cotton and oil-bearing crops next year so as to enhance the effective supply to society.

Xiangfan Short Funds for Autumn Grain Procurement

*HK2710101389 Beijing NONGMIN RIBAO
in Chinese 17 Oct 89 p 1*

[Report by Tang Yuanjie (0781 0954 4814) and Fu Xueliu (0265 7185 2692): "Xiangfan Is Short 300 Million Yuan in Funds for Autumn Grain Procurement"]

[Text] At present, procurement of autumn grain in Hubei's Xiangfan City is at the peak, and each day 22.5 million kilograms of rice enter warehouses. According to this, in a few days the phenomenon of issuing IOUs will be seen again. On the evening of 10 October, a group of five persons including Gucheng County governor dashed to the Agricultural Bank in Xiangfan City, pleading for a loan of 1 million yuan to meet the emergency of grain procurement.

On 12 October, the general office of Xiangfan municipal government faxed a message to Zhang Zhiwen, Xiangfan municipal party committee secretary, who was taking part in a meeting in the provincial capital, asking him to seek assistance from the province.

The shortage of funds worried the cadres at various levels in the whole province.

Xiangfan City is the second largest grain-producing district in Hubei Province, and it is now certain that autumn grain output this year will surpass the best record in history. The total amount of money needed to purchase rice, cotton, and oil is 650 million yuan.

In order to raise funds, Xiangfan municipal party committee and the Xiangfan municipal government, who just finished the work in purchasing summer grain, have allocated the duties to various counties and departments concerned, demanding that 310 million yuan be raised before the end of September, to ensure the supply of funds for procurement of autumn grain. The departments concerned tried their best, but could only raise 125 million yuan. According to an estimate made by the Xiangfan municipal government, regarding the funds needed for procurement of grain, cotton, and oil for autumn, excluding the funds raised by the grain departments from selling grains to other localities, withdrawing currency from circulation, borrowing capital, collecting debts, and collecting repayment of loans ahead of schedule; the funds handed down from the city and province; and the funds handed down by superior departments to compensate for the price increase, the shortfall is 310 million yuan.

Why were the funds planned to be raised not realized? Why is the shortfall so big? The reporters learned from Xiangfan municipal Grain Bureau, the Agricultural Bank, and the general office of the municipal government that in recent years the absolute volume of grain purchase had increased, and price had increased, too, but the superior departments had not increased the corresponding amount of loans. Although the Agricultural Bank in Xiangfan City increased loans of 1 million yuan for procurement of grain compared to last year by absorbing savings, the need could not be satisfied. In various localities, the funds that should be allocated have not been allocated, and the procurement funds have been occupied or withheld for a long period of time. The grain departments have heavy burdens, various professional banks have little funds for circulation, the funds earned by selling grains in other localities could not be promptly had. As of the end of September, Xiangfan City has 43.16 million yuan earned by selling grains in other localities that could not be promptly collected. Up to 13 October, four bureau chiefs of Nanchang County Grain Bureau were still in other localities begging people to pay debts. All these factors have intensified the conflict between supply and demand of the procurement funds for agricultural products, and because of the chaos of monetary order and the restraints of financial system, the above-mentioned problems cannot be solved in the near future.

On the evening of 13 October the reporters called Zhang Zhiwen, the municipal party committee secretary, for an understanding of whether the superior departments can solve the problem of the shortfall. He said: We have contacted the responsible persons of the Agricultural Bank, the People's Bank, and the grain departments, but we anticipate great difficulty; we can solve some problems, but not all problems. Therefore, he was very worried, and afraid of the reappearance of the phenomenon of issuing "IOUs."

National Symposium Studies Water Shortage

OW2710121789 Beijing XINHUA in English
0714 GMT 27 Oct 89

[Text] Zhengzhou, October 27 (XINHUA)—Irrigation is facing a serious shortage of water in China, according to experts at a national symposium on water conservation in agriculture recently held in Xinxiang City in Henan Province.

There are several causes. The most important is that China lacks abundant water resources. On average there are only 12,000 cubic meters of water available for irrigation per year per hectare. The average in north China is far below that level.

Another problem is that water for irrigation makes up 84 percent of the water needed for both agriculture and industry in the country. However, because of poor management, the utilization ratio of water for irrigation is only 40 percent.

In the early 1970s, water conservation began to attract the experts' attention. In the years that followed, they achieved great results by popularizing water saving technology.

The experts said that China will need more water as the area irrigated will increase to 53 million hectares by the end of this century. In north China 83.5 percent of water resources are already being exploited.

It is estimated that if the utilization ratio of water for agriculture is raised to 60 percent, water supplies for irrigation will increase by one-third.

River Provinces Meet To Plan Cooperation

OW2910001489 Beijing XINHUA in English
830 GMT 28 Oct 89

[Text] Beijing, October 28 (XINHUA)—Officials of six provinces and one autonomous region along the Yellow River, the second longest in China, got together recently to work out a plan for further development of mutual economic and technological co-operation, the "PEOPLE'S DAILY" reported today.

They are Qinghai, Gansu, Shaanxi, Shanxi, Henan and Shandong Provinces and the Ningxia Hui Autonomous Region.

This is the second meeting they have held in Zhengzhou, capital of Henan Province, and on the agenda were mutual economic and technological co-operation, development of natural resources, domestic and foreign trade, and tourism.

Since an economic co-operation network was founded among the seven partners in July 1988, they have signed more than 400 contracts on economic and technological projects, and exchanged 1,000 technical personnel and various kinds of materials worth more than one billion yuan.

The network has promoted economic and trade development as well as foreign trade and laid bare the potential for developing the export-oriented economy in these areas.

At the meeting, officials agreed to make joint efforts in developing coal, nonferrous metals, tourism, transport and electric power. They also agreed to strengthen coordination between different industries, enterprises and areas. They also reached agreement on holding a regional trade fair to promote the export-oriented economy.

Official Reports Efforts To Increase Timber Output

OW2810051389 Beijing XINHUA in English
0247 GMT 28 Oct 89

[Text] Beijing, October 28 (XINHUA)—China plans to plant six million hectares of fast-growing forests before the year 2000, in a major effort to ease the country's chronic timber shortage, "CHINA DAILY" reported today.

Gong Jinlian, a division chief from the Forest Planting Department said that the country now consumes a yearly 340 million cubic meters of timber and its timber resources will soon be exhausted if nothing is done to increase its timber output.

According to Gong, most of the fast growing forests will be planted in southern provinces like Hunan, Hubei, Guizhou and Guangdong. Species which grow fast will be chosen and trees are expected to mature in about 20 years. Hardwood trees need dozens or even hundreds of years to grow big.

Another way to increase timber production is to take better care of the young trees so that output from each hectare can increase, he said. At present, China has 72 million hectares of young trees, among which only 25 percent are cared for. China plans to take care of 30 million hectares of young trees in the next 10 years to increase output.

The most recent survey showed that about 12.98 percent of the country's land is covered by forests. Although the figure has increased compared with several years ago, the environment is still deteriorating because population has increased.

Another project, which includes five environment protection forests, is going on in the upper and middle reaches of Yangtze River, northern China, coastline, plain area and the Taihang Mountains.

Research Progress Results in Hybrid Rice Strain

OW2710142289 Beijing XINHUA Domestic Service
in Chinese 1508 GMT 8 Oct 89

[By reporter Cai Qinghe (5591 3237 3109); Local Broadcast News Service]

[Text] Fuzhou, 8 Oct (XINHUA)—A breakthrough has been achieved in the project on "research in techniques to develop ultrahigh yield hybrid strain rice." Liu Wenbing, a noted expert on strain breeding and agriculturist in our country, is in charge of the research project. Average per mu yield on 371 mu of long grain nonglutinous rice which had been allocated for breeding new strains reached 308 kilograms; the highest per unit area yield reached 409.6 kilograms, which breaks the record for per unit area yield in other experiments to breed new strains of long grain nonglutinous rice in China.

The method of cutting open the leaf and peeling off the bud was used in the experiments to develop new hybrid strains of rice in the past. The new technique for developing new high yield strains uses tiaohuaning [6148 5363 7227] essence, which produces quick results in regulating the ripening process of rice, thereby eliminating the process of cutting open the leaf and peeling off the bud when breeding new strains of rice. The introduction of this new technique provides a new way for mechanization of the breeding of hybrid strains of rice and has an important significance for China's development of hybrid strains of rice.

East Region

Shandong Secretary Addresses School Conference

SK271011189 Jinan DAZHONG RIBAO in Chinese
30 Sep 89 p 3

[Text] Theoretical and educational workers should enhance their study and propaganda activities of basic Marxist theories, and regard the study of Chinese characteristics and publicizing China's development as one of the basic tasks of theoretical and educational work. This is the main point of the speech made by Comrade Jiang Chunyun, secretary of the Shandong provincial party committee and president of the party school run by the Shandong provincial party committee, at the fifth conference sponsored by Liaoning Province in Shandong with the participation of presidents of correspondence party schools throughout the country.

The correspondence party school run by the agency of Liaoning Province's periodical, GONG CHAN DANG YUAN [COMMUNIST PARTY MEMBERS], which was opened in 1983 and is recruiting the personnel-in-training of all localities throughout the country, is the only school of its kind in our country. The school is aimed at passing on basic Marxist theories to party members and cadres, and at enhancing the party spirit of members. It has, to date, held classes for three terms and has turned out more than 57,000 well-trained personnel. Of these graduates, more than 12,000 are from Shandong Province. Correspondence party schools are welcomed by the broad masses of party members and cadres because of their characteristics of recruiting personnel-in-training from everywhere in the country, spending less money, scoring rapid results, easily overcoming the time disparity between work and study, and of avoiding the restriction of age and professions. The school has been well known as a "party members' school without walls."

During the conference, Comrade Jiang Chunyun delivered an important speech in which, on behalf of the Shandong provincial party committee, he first extended thanks to the Liaoning provincial correspondence party school for opening its training classes on Marxism-Leninism to the party members and cadres of Shandong. He pointed out that the 60-year history of the CPC's founding has shown that a success in conducting proletarian revolution and building socialism cannot be divorced, even for a moment, from the guidance of Marxist and Leninist theories. In 1985, Comrade Deng Xiaoping delivered a speech at the party congress in which he pointed out: "In building socialism with Chinese characteristics at present, we are living in a different era and are assuming different tasks. There is a lot of new knowledge which we should indeed study. This has made it necessary for us to master vigorously the basic Marxist theories by aiming at the new reality. Only by doing so can we upgrade our capability in applying the basic Marxist principles and methods to actively explore the measures of solving the new basic problems in the fields

of politics, the economy, social affairs, and culture. Only by doing so can we not only make progress in our undertakings and in Marxist theories themselves, but also prevent some comrades, particularly some new middle-aged and young comrades, from getting lost in their complicated day-to-day struggle." Over the past few years, some comrades in the party have not earnestly understood and implemented the directive of Comrade Deng Xiaoping and neglected the education conducted among cadres on studying Marxism, Leninism, and Mao Zedong Thought. In particular, Comrade Zhao Ziyang adopted a negative attitude toward the guideline of upholding the four cardinal principles and opposing bourgeois liberalization, which led to the rampancy, upgrading, and exacerbation of bourgeois liberalization. If our cadres and party members succeed in applying the Marxist and Leninist stand, viewpoint, and method to study and analyze the problems as well as in upgrading their capability of distinguishing right from wrong, the disturbance would not have involved such a large number of people.

In his speech, Jiang Chunyun emphatically pointed out that the fields of ideology and theories are not occupied by Marxism and will certainly be occupied by the ideological trend of bourgeois liberalization. To solve in depth the problems concerning the ideological trend of bourgeois liberalization, it is imperative to concentrate our efforts on theoretical research, study, propaganda and criticism. Theoretical workers should be sober enough to discern the important duties they have shouldered and further consciously study basic Marxist theories so as to upgrade their political quality and to enable them to take as one of the basic tasks of theoretical work the practice of applying Marxism to study Chinese characteristics and to publicize China's development. For example, they should study the issues of why China must uphold the Communist Party's leadership, Marxism, and the socialist road. We need to study and publicize all of these emphatically so that we can educate the broad masses of cadres and party members, particularly young cadres and party members, to understand the motherland correctly, foster the profound sentiment of ardently cherishing the motherland, upgrade national self-respect and self-confidence, and further enhance their consciousness and their sense of responsibility in upholding the four cardinal principles and the policy of conducting reform and opening to the outside world, as well as in fulfilling the grand goal of building the four modernizations.

During the conference, Tian Liu, former president and professor of the Central Party School, also delivered a speech. Attending the conference were leading personnel, experts, and professors from the Propaganda Department under the CPC Central Committee, the Central Party School, and from the Organization and Propaganda Departments of various provinces—86 persons in all. Presiding over the conference and delivering summary speeches to it were Tang Guangwu, general editor of the GONG CHAN DANG YUAN periodical

run by the Liaoning provincial party committee and vice president of the correspondence party school operated by the periodical agency; and Comrade Zou Benren, vice president of the correspondence party school.

Shandong Leader Attends Overseas Chinese Congress

*SK2710020989 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 24 Oct 89*

[Excerpts] The Fourth Shandong Provincial Congress of Returned Overseas Chinese ceremoniously opened at Jinan's Nanjiao Guesthouse on the afternoon of 24 October. Attending the congress were 265 representatives from various fronts across the country and from Hong Kong and Macao, and 11 specially invited representatives who shouldered the great trust placed on them by more than 600,000 returned Overseas Chinese and their relatives, and by more than 500,000 countrymen residing abroad, including those living in Hong Kong and Macao.

Present at the congress were leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial Committee of the Chinese People's Political Consultative Conference, and the provincial Discipline Inspection Commission, including Jiang Chunyun, Zhao Zhihao, Liang Buting, Li Zhen, Li Zichao, Zhang Quanjing, Ma Zhongcai, and Xu Sen. Also present were Huang Junjun, deputy president of the All-China Federation of Returned Overseas Chinese, and responsible comrades of pertinent departments of the province. (Xie Tianrui), deputy director of the provincial Federation of Returned Overseas Chinese, presided over the opening ceremony of the congress.

Ma Zhongcai, Standing Committee member of the provincial party committee and secretary general of the provincial party committee, extended warm congratulations to the congress on behalf of the provincial party committee and the provincial government. He said: The vast number of returned Overseas Chinese and their relatives, as well as our countrymen residing abroad, constitute an important strength in building and realizing the unification of the motherland. Federations of returned Overseas Chinese constitute the bridge to unite and link the party and the government with the vast number of returned Overseas Chinese and their relatives as well as our countrymen residing abroad. During the 5 years since the convocation of the third provincial congress of returned Overseas Chinese in 1984, the provincial Federation of Returned Overseas Chinese has conscientiously implemented the guidelines of the 13th party congress and the 5th provincial party congress; has independently conducted the work in many fields in line with its own specific features under the leadership of the party; has represented and safeguarded the just and legitimate rights and interests of returned Overseas Chinese and their relatives, as well as our countrymen residing abroad; has united returned Overseas Chinese

and their relatives, as well as our countrymen residing abroad, to carry forward the glorious tradition of loving the motherland and the hometown and to take active part in economic construction; and has established wide connections and friendly contacts with the outside world, thus making due contributions to making Shandong prosperous and its people affluent, to revitalizing China, to accelerating the socialist modernization drive, and to promoting the unification of the motherland. [passage omitted]

The main items on the agenda of this congress are examining and approving the work report of the third committee of the provincial Federation of Returned Overseas Chinese, electing the fourth committee of the provincial Federation of Returned Overseas Chinese, discussing the revised draft of the constitution of the All-China Federation of Overseas Chinese, and exchanging the typical experiences of the grass-roots organizations of the provincial Federation of Returned Overseas Chinese as well as returned Overseas Chinese and their relatives.

Shandong City Rectifies Village Party Branches

*HK2710063589 Beijing RENMIN RIBAO in Chinese
21 Oct 89 p 4*

[Report by Jiang Huali (1203 0553 4409) and Diao Chongjing (0431 1504 2417): "Shandong Province's Laiyang City Rectifies Village Party Branches"]

[Text] Since the beginning of this year, the CPC Committee of Laiyang City in Shandong Province has adopted three measures aimed at strengthening CPC organizations at the rural grass-roots level and at rectifying the paralyzed or weakened CPC branches at the village level. As a result, the quality of all members of CPC branches at the rural grass-roots level under the jurisdiction of the Laiyang City CPC Committee has been greatly improved, and gratifying results have been achieved in this regard. **New members have been appointed to the CPC branches at the rural grass-roots level.** The Laiyang City CPC Committee has conscientiously reshuffled all the CPC branches at the rural grass-roots level. Some 89 members of the original CPC branches who were found incapable of fulfilling their responsibilities either ideologically or in style have been reshuffled. Some 101 competent young and middle-aged cadres with a firm political stand and pioneering spirit have been appointed as new secretaries of various CPC branches at the village level. **The quality of party cadres has been improved in a comprehensive way.** The Laiyang City CPC Committee has often organized the members of CPC branches at the village level to study the party's policies, and has established and perfected the inner-party democratic system, the system of holding meetings of party branch secretaries at regular intervals, and the system under which a CPC branch secretary at the village level is responsible for attaining some objectives during his tenure. The Laiyang City CPC Committee has also sent some 2,300 members of CPC branches at the

village level to 26 township and town party schools in Laiyang City to receive training. **The unifying force of the CPC branches at the village level has been strengthened.** The Laiyang City CPC Committee has also formulated relevant regulations governing the building of clean CPC branches at the village level and the strengthening of the system of democratic supervision at the village level, greatly publicized the advanced deeds of CPC branches at the village level, and strictly dealt with party members and cadres who have violated state law or party discipline. Since the beginning of the year, three party members and cadres have been expelled from CPC branches at the village level.

Shandong Standing Committee Meeting Opens

SK2710011989 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 25 Oct 89

[Excerpts] The 12th Standing Committee meeting of the 7th provincial People's Congress opened at the Zhenzhuquan meeting hall of the provincial People's Congress on the morning of 25 October.

The main items on the agenda of this meeting are: Studying Comrade Jiang Zemin's speech made at the rally marking the 40th anniversary of the founding of the PRC; listening to and examining the report of the provincial government on the work of combating drought and regulating rivers and watercourses, and then adopting relevant resolutions; examining and approving the draft on the opinions concerning the election of deputies to People's Congresses at county and township levels in 1990; examining and approving the draft on revising a few detailed regulations concerning the election of deputies to People's Congresses at county and township levels; examining and approving the province's draft regulations on giving preferential treatment to family members of revolutionary martyrs and servicemen, and to injured and disabled servicemen; examining and approving the province's draft trial regulations on protecting minors; examining and approving the province's draft regulations on the management of collectively run industrial enterprises in townships, towns, and villages; examining the province's draft regulations on management of agricultural contracts; examining the province's draft regulations on management of water resources; examining the province's draft provisional regulations on supervisory work of People's Congress Standing Committees; listening to and examining the report of the Financial and Economic Committee and the Education, Science, Culture, and Public Health Committee under the provincial People's Congress Standing Committee on the results of examination of the pertinent motions submitted by the presidium of the second session of the seventh provincial People's Congress; and deciding by vote some personnel appointments and removals.

At the plenary meeting held on the morning of 25 October, the participants listened to the report made by

Governor Zhao Zhihao on the province's work in combating drought and regulating rivers and watercourses.

Li Zhen, chairman of the provincial People's Congress Standing Committee, presided over the meeting and made a speech. [passage omitted]

Present at the meeting were Lu Hong, Xiao Han, Wang Shufang, Lin Ping, Zeng Chengkui, Xu Sen, and Yan Jingqing—vice chairmen of the provincial People's Congress Standing Committee. Present at the meeting as nonvoting deputies were Zhao Zhihao, governor of the province; Zhang Ruiseng, vice governor of the province; Meng Zhaoju, president of the provincial Higher People's Court; Zang Kun, chief procurator of the provincial People's Procuratorate; Xu Leijian, Gao Fengwu, and Zhang Zhusheng, deputies of the National People's Congress and the provincial People's Congress; responsible comrades of the various special committees under the provincial People's Congress; responsible comrades of pertinent departments under the provincial government; responsible comrades of People's Congress Standing Committees of various cities directly under the jurisdiction of the provincial government; responsible comrades of work committees of prefectural People's Congresses; and responsible comrades of People's Congresses of some counties and cities.

Police Break Up Shanghai Student Hunger Strike

HK3110100489 Hong Kong AFP in English
0945 GMT 31 Oct 89

[Text] Beijing, Oct 31 (AFP)—Police Tuesday dispersed student hunger strikers demanding tuition refunds on the doorstep of the Australian consulate in Shanghai, diplomatic sources said.

Some 150 students converged on the consulate in the morning, carrying banners proclaiming that a hunger strike was to take place, said the sources, who witnessed the protest.

From 10 to 20 students, some with slogan-bearing headbands, then sat down within a cordoned-off section of the pavement to press their demands, the sources said.

"The crowd was there until 3 p.m. (0700 GMT) when the police spoke to them and persuaded them to move on," according to one of the sources.

The consulate has been the scene of sometimes unruly protests by hundreds of young Chinese upset by a sudden change in Australia's foreign student policy which made it harder for them to attend English schools there.

Since Monday last week, the consulate has been closed one full day and two half-days as the foreign ministry in Canberra demanded better protection from China for its diplomats and local staff in Shanghai, sources said.

Under an agreement with Canberra last week, the schools have promised to refund tuition fees already paid by Chinese who now cannot go to Australia under the new rules.

The students are also to receive 100 Australian dollars (78 U.S.) apiece as "goodwill money."

But the sources said Tuesday's demonstrators also want bank interest on the tuition payments to be refunded, as well as a formal apology from the Australian side.

Canberra tightened its policy on "exporting education" in August after 30 per cent of the students who went to Australia overstayed their visas.

Studying English in Australia typically costs 5,000 Australian dollars (3,900 U.S.) for six months, living expenses included.

Many of the students now ineligible to study in Australia had borrowed money and quit their jobs in anticipation of being admitted.

Record numbers of students have been trying to go abroad to study since the June 4 Army crackdown on democracy protests in Beijing.

Zhejiang Leader Addresses National Day Meeting

*OW2610021789 Hangzhou ZHEJIANG RIBAO
in Chinese 1 Oct 89 p 1, 3*

[Text] More than 7,000 people from all walks of life in Zhejiang Province held a meeting last night to celebrate warmly the PRC's 40th founding anniversary. Leading party, state, and military comrades joined advanced models from all fronts, officers and men of the PLA and the Armed Police Force, and people from other sectors of society in celebrating the grand event.

The Great Hall of the People, the freshly decorated venue of the meeting, was brightly illuminated, bedecked with flowers and adorned with fluttering bunting. People laughed, exchanged pleasantries, and beamed. The place was filled with an exuberant and festive atmosphere.

Leading party, state, and military comrades from Zhejiang Province and Hangzhou City were seated at the rostrum. They included Li Zemin, Shen Zulun, Ge Hongsheng, Chen Fawen, Wu Renyuan, Liu Yifu, Chen Anyu, Shang Jingcai, Yang Shijie, Lu Wenge, Gu Weiliang, and Xu Puzhen.

Also seated at the rostrum was Tie Ying, a member of the Central Advisory Commission.

Wu Renyuan, member of the provincial party committee Standing Committee and secretary of the Hangzhou City party committee, declared the opening of the meeting and asked all participants to rise while the national anthem was played.

Li Zemin, secretary of the provincial party committee, spoke at the meeting. On behalf of the provincial party

committee, the provincial People's Congress Standing Committee, and the provincial people's government, he first extended cordial greetings and warm regards to workers, peasants, intellectuals, and cadres on all fronts in the province who had contributed to socialist modernization, reform, and the open policy. He also warmly greeted and saluted the PLA [People's Liberation Army] troops stationed in Zhejiang, officers and men of the Armed Police Force, public security officers, and all patriotic people. He conveyed his warm regards to compatriots from Hong Kong, Macao, and Taiwan, as well as to Overseas Chinese who had dedicated themselves to the causes of reunifying the motherland and rejuvenating the Chinese nation. He extended festival greetings to foreign experts and friends who worked, studied, and traveled in Zhejiang Province.

Li Zemin said: Under the CPC's leadership, the socialist cause has taken root in the people's hearts and achieved brilliant results in the past 40 years. A socialist state of initial prosperity has been established in the motherland. Since the 3d Plenary Session of the 11th CPC Central Committee, the older generation of proletarian revolutionaries represented by Comrade Deng Xiaoping and the CPC have scientifically summed up their experiences in socialist practice and corrected shortcomings and mistakes in the spirit of Marxist theory and in a down-to-earth manner. They have found the correct road suited to China in building a socialist system with distinctive Chinese features. The decade since that plenary session has been a period of extraordinary and rapid development for China, and a period yielding the most benefits to the people since the nation's founding 40 years ago. Those achievements were made possible because of the emphasis on economic construction and the adherence to the four cardinal principles, reform, and the open policy. Although we have encountered difficulties and setbacks, the historic achievements of socialism in the past 40 years have attracted worldwide attention and have become an indisputable fact. Our party recently scored a victory in stopping the turmoil and quelling the counterrevolutionary rebellion. This again demonstrates that no difficulties can deter socialist China from advancing and developing, and that no inimical forces, internal or external, can shake or change China's resolve to do so. Like elsewhere in the nation, Zhejiang has undergone drastic transformation in the past 40 years. Under the CPC Central Committee's leadership, people in Zhejiang Province have, through their toil and wisdom, achieved heartening success and have enhanced the glory of the socialist motherland.

After recounting Zhejiang's accomplishments in all areas in the past four decades, Li Zemin stated: We can see that China's economy has developed rapidly and the living standards of the Chinese people have improved substantially in all parts of China, including Zhejiang, over the past 40 years. These achievements could not have been realized under the old system of exploitation. Forty years of practice have proved that socialism is vastly superior and tremendously vibrant. That only

socialism can develop China is no longer an abstract theoretical inference. It is a truth that has been corroborated by 40 years of history and a fact that will continue to be verified in the future. The great accomplishments of the past 40 years have led us to the conclusion that China can only develop under the CPC's leadership and the socialist system. This is not to deny our past mistakes and problems. Nor is it a denial of the fact that China is still economically underdeveloped, that the living standards of the Chinese people are still quite low, and that negative phenomena that cannot be overlooked still exist in society.

We must seriously and realistically recognize, correct, and overcome previous mistakes and future problems. We must draw lessons from history, especially from the recent turmoil and counterrevolutionary rebellion. In drawing a lesson from the recent disturbances, we must pay attention to their development and outbreak. Most importantly, we must steadfastly implement the basic line of the 3d Plenary Session of the 11th CPC Central Committee, which calls for focusing on economic development and upholding the four cardinal principles, reform, and the open policy. It is necessary to concentrate on consolidating and developing a political situation of stability and unity to ensure economic stability and development.

Li Zemin went on: At a time when the entire nation is jubilantly celebrating its 40th birthday, we should develop a correct understanding of the current situation and unify the thinking of the people in Zhejiang. It is necessary to eliminate the serious disruptive effect on our work caused by Comrade Zhao Ziyang's slackness in enforcing the four cardinal principles and his tolerance and support of bourgeois liberalization. In order to ensure the stable development of Zhejiang's economy, we should carry on the spirit of hard work, self-reliance, and perseverance; earnestly improve the economic environment; and keep to the policies of reform and openness. To overcome economic disaster and score complete victory over the turmoil and counterrevolutionary rebellion, we should act with a deep sense of responsibility and urgency and proceed with determination to exterminate all evil influences. It is necessary to draw a lesson from "the practice of strengthening [reform and the open policy] and slackening [the adherence to the four cardinal principles]" of recent years and foster socialist culture and ethics. We should combine modernization with reform and opening up and unite the people's thinking as part of our efforts to strengthen and improve our ideological work in Marxism and our party's ideological and political undertakings. In addition to focusing on party building, we should resolve and take resolute and effective measures to eliminate all negative and decadent influences, and restore and develop the flesh-and-blood ties between the party and the people. To create a social climate favorable to reform, openness, economic construction, and other endeavors, and ensure sound development in those undertakings, we should consolidate education in the legal system of socialist

democracy and intensify efforts to develop such a system. Looking back on those 40 years, we feel proud and gratified. Looking forward to the future, we are full of confidence and strength. Let us stick together around the party Central Committee headed by Comrade Jiang Zemin. With tremendous zeal and creativity, let us devote ourselves to the socialist cause, to rejuvenating the Chinese nation, and to realizing the four modernizations in order to usher in a better future.

Also present at the meeting were such leading comrades as Wang Yaoting, Zhang Xueyi, Wu Minda, Zhu Zuxiang, Yang Bin, Tang Yuanbing, He Zhibin, Qiu Qinghua, Ding Deyun, Ma Qihua, Wang Jiayang, and Li Qing. Leaders of various democratic parties, mass organizations, and institutions also attended the meeting.

Similar meetings were held at the Hangzhou Theater and the Gongye Stadium in Hangzhou. Excellent theatrical performances were staged and movies shown after those meetings.

Central-South Region

Hebei Leaders Attend Former Official's Funeral

HK2610085889 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 25 Oct 89

[Excepts] A memorial service in honor of Zhang Jinxian, former member of the CPC Hubei Provincial Committee Standing Committee, vice governor of the provincial people's government, and vice chairman of the sixth provincial People's Congress Standing Committee was held in Wuchang this morning.

Comrade Zhang Jinxian died of illness in Wuchang on 17 October 1989 at the age of 71.

The funeral was presided over by provincial party committee Deputy Secretary Zhao Fulin and the eulogy was delivered by People's Congress Standing Committee Chairman Huang Zhizhen. [passage omitted]

Attending the funeral were provincial party committee Secretary Guan Guangfu; Deputy Secretaries Zhao Fulin and Qian Yunlu; provincial party committee Standing Committee members Ding Fengying, Zhang Xueqi, Tian Qiyu, and Zhong Shuqiao; provincial Advisory Committee Chairman Chen Ming; provincial People's Congress Standing Committee Chairman Huang Zhizhen; provincial Chinese People's Political Consultative Conference Committee Chairman Shen Yinluo; the Central Advisory Commission members staying in Wuhan Zhang Caiqian Zhou Shizhong, Zhao Xinchu, Han Ningfu, Xia Shihou and Li Huamin; responsible persons from organs directly under the provincial authorities; bosom friends of Comrade Zhang Jinxian during his lifetime; his family members and relatives; and representatives of his native place.

Those who presented wreaths included Comrades Wang Zhen, Wang Renzhong, Chen Pixian, Zhu Xuefan, Liao Hansheng and Chen Zaidao.

Hubei Leaders Mark Scientist's 100th Birthday

HK2710080589 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 26 Oct 89

[Excerpts] Today is the memorable 100th birthday of Li Shiguang, China's renowned scientist, educator, social activist and great patriot.

This morning, more than 400 people of all circles of our province gathered at a grand rally held at the Wuchang Hongshan Guesthouse to commemorate the great scientist born in Hubei and express the deep feelings of respecting and cherishing the memory of him by the people of the whole province.

Attending it were Guan Guangfu, Zhao Fulin, Liang Shufen, Han Nanpeng, (Hu Hengshan), (Wang Jieqing), and other leaders of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial Chinese People's Political Consultative Conference Committee, and the provincial Military District, as well as well-known scientists Tao Shuzeng and Zhang Wencai. [passage omitted]

Provincial party committee Deputy Secretary Zhao Fulin delivered a speech at the meeting. After expounding the profound change of Li Shiguang from a member of the democratic revolution of the old type to a communist, he pointed out that the combat career of Li Shiguang represents the path followed by tens of thousands of patriotic intellectuals in China. This eloquently proves that in the China of the present age, only under the socialist system can patriotism and democracy be thoroughly realized. Zhao Fulin also said: Only in socialist New China can the aspirations and talent of intellectuals be fully materialized and put to good use. Intellectuals have become a backing force indispensable for socialist construction. Zhao Fulin pointed out: In the turmoil and counterrevolutionary rebellion which broke out at the turn of spring and summer this year, the disgusting performance put on by a tiny handful of people under the cloak of elitism could do nothing but demonstrate that they had completely deviated from the [word indistinct] of Chinese intellectuals, that they are the scum of Chinese intellectuals, and that they will inevitably be cast aside by the masses of the people, including vast numbers of intellectuals. [passage omitted]

Southwest Region

Tibetan Exiles View Effect of Nobel Prize

HK2710021189 Hong Kong HONGKONG STANDARD (CHINA TODAY SUPPLEMENT) in English 27 Oct 89 p 2

[By Fan Cheuk-wan]

[Text] The award of the Dalai Lama, the self-exiled Tibetan god-king, of the 1989 Nobel Peace Prize is expected to boost the moderate line among Tibetans striving for a peaceful resolution to their problem.

But the prize has also renewed aspirations of radical Tibetans to fight for independence as they anticipate greater international support for their cause.

Meanwhile, the award has brought about new tension to Tibetan-living regions in China when the Tibetans secretly organised celebration activities for the prize.

Mr Tashi Wangdi, Foreign Minister of the Tibetan government-in-exile (the Kashag), headed by the Dalai Lama, told THE HONGKONG STANDARD that among Tibetan exiles, the award would boost the moderate line of fighting for human rights by a non-violence approach.

The Dalai Lama, 54, fled Tibet to Dharamsala in India after the 1959 abortive uprising against Chinese troops.

But the Tibetan exiles have been divided among themselves about their political future.

The moderate wing headed by the Dalai Lama and the Kashag proposed seeking a peaceful resolution by holding direct talks with Beijing.

In his address to the European Parliament in Strasbourg in June last year, the Dalai Lama proposed that Tibet become a "self-governing democratic entity" under which China would retain responsibility for foreign affairs and defence.

But the radical and younger Tibetans vowed to adopt the militant line of fighting for independence by violent means.

Mr Tashi Wangdi said the award had convinced Tibetans that the non-violent strategy was an alternative approach for them to fight for their cause and it could win international support.

"The award indicated that the policies advocated by the Dalai Lama to call for a peaceful movement and non-violent struggle to fight for the human rights of Tibetan people has won the concern and support of the world," he said.

"The award has also given recognition to the Tibetan problem by drawing international attention to the issue. The prize has recognised the Dalai Lama's leadership and efforts to find a peaceful resolution.

"In the past, the world didn't pay much attention to the peaceful movement of the Tibetans. Through the prize, Tibetan people feel that they haven't been forgotten by the world," he said.

However, the 10,000-man strong Tibetan Youth Congress (TYC) insists it will uphold its violent approach.

Mr Lhasang Tsering, president of the TYC, told THE HONGKONG STANDARD the TYC would not give up its violent line despite the award.

"We recognise our basic rights to use violence to fight for the independence of Tibet. We call for political struggle, not terrorism," he said.

"Until now, nobody could offer a peaceful means to fight for independence for Tibet. We have to face the political reality—the present Chinese occupation in Tibet can't be changed through peaceful means," he said.

Mr Lhasang Tsering said the Nobel Peace Prize for the Dalai Lama could be a turning point in the Tibetan independence movement.

"Every Tibetan has received the prize with rejoicing and the TYC is greatly overjoyed to know that the Dalai Lama has been truly recognised for his contribution after so many years," he said.

But Mr Lhasang Tsering said the TYC could not accept the Dalai Lama's Strasbourg proposal which had given up the claim for independence.

"We can't accept the concept of having future association with China. Our past experience tells us there is no guarantee in any agreement made with China," he said.

China promised Tibet autonomy, self-determination and freedom of religious belief under the 17-point 1951 Sino-Tibet agreement. But Beijing broke the agreement and later sent troops to Lhasa to suppress the 1959 uprising.

"But it doesn't mean that we are against the Dalai Lama because the religious leader has promised that the final decision on our political future will be decided by the Tibetan people," he said.

In response to the insistence of the TYC on its violent approach, Mr Tashi Wangdi said only a minority in the group had supported the militant line.

"When the TYC held its general meeting in Dharamsala two months ago, the Dalai Lama addressed to the congress and later spoke to a number of delegates about his views on non-violence.

"Shortly after the congress, I saw a statement issued by a number of TYC delegates who had decided to give up the violent approach," he said.

But Mr Tashi Wangdi warned that further delay in resolving the Tibetan issue would only push radical Tibetans to be more violent.

"If things drag on for too long, the more militant view will get more ground. It is a dangerous development. But at this point of time, the militant ones are not the majority," he said.

However, Mr Tashi Wangdi acknowledged that most of the TYC were unhappy with the Dalai Lama's proposal made in the European Parliament.

"But in Strasbourg, the Dalai Lama has said the final decision on the proposal would be made by all Tibetans in a referendum," he said.

Earlier press reports said the news of the Dalai Lama's award of the Nobel Peace Prize had sparked off minor riots in Tibetan-living regions in China.

Minor and sporadic riots reportedly occurred in Lhasa while another riot reportedly took place in Sichuan when Tibetans organised celebrations for the Dalai Lama early this month.

Although Mr Tashi Wangdi could not confirm the reports on the riots, he said it was possible for the Tibetans to organise fresh anti-Chinese demonstrations as long as the Tibetan problem remained.

He added that new tension was sparked off in Tibet as a result of the Dalai Lama's award.

"Tibetans inside China were very happy and organised secret religious activities for the Dalai Lama, they burnt butter lamps and incenses. They also wanted to hold public meetings, but the Chinese took very strong measures against them," he said.

However, Mr Tashi Wangdi admitted that the Kashag faced increasing difficulty in getting up-to-date information about the situation inside Tibet.

"More and more people were arrested by the Chinese and the atmosphere in Tibet is still very tense," he said.

Police Teams Patrol Tibetan Capital

HK2410095689 Beijing RENMIN RIBAO in Chinese
10 Oct 89 p 1

[Report by Wang Kejin (3769 0344 6855) and Sun Fengming (1327 7685 7686); "First Patrol Team Is on Duty in Lhasa City"]

[Text] A patrol team consisting of 22 policemen appeared in the streets and alleys of Lhasa City on 23 September. Their main task was to inspect the conditions of law and order in the urban area around Balang Street in order to discover and handle law and order problems quickly and to tighten control over various aspects of society. According to initial statistics, in the first 5 days after the patrol team went on duty, they handled more than 400 rule-breaking cases, arrested 1 thief, and cracked 1 gambling case.

Notice Commands Lhasa Martial Law Troops

*HK2510064789 Beijing JIEFANGJUN BAO
in Chinese 10 Oct 89 p 1*

[Report by Liu Degong (0497 1795 0501) and correspondent Yang Biao (2799 1753): "Chengdu Military Region Circulates a Notice Commanding Martial Law Enforcement Troops in Lhasa"]

[Text] On 29 September, the People's Liberation Army [PLA] Chengdu Military Region circulated a notice commanding the martial law enforcement troops in Lhasa City.

The PLA troops enforcing martial law in Lhasa City were commended for giving full scope to the glorious traditions of the PLA, strictly enforcing martial law in Lhasa City, and successfully fulfilling their military duties in a civilized way. A total of 39 soldiers received best-sentry awards, while more than 1,500 others were named as best enlisted men and officers. The notice said that these PLA officers and men had performed more than 90,000 good deeds for the local masses in Lhasa City, had been dedicated to their duties, and had successfully accomplished their tasks. The notice added that the leading comrades of the central authorities also commended these officers and men and called on all PLA officers and men to learn from the troops enforcing martial law in Lhasa City so as to push ahead with the overall PLA building work.

Tibetan Industrial Cadres Study Jiang's Speech

*HK2410072i89 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 23 Oct 89*

[Excerpts] According to XIZANG RIBAO, party organizations at all levels of the regional Industrial and Power Department have efficiently organized their party members to study and implement seriously the essence of the important speech by General Secretary Jiang Zemin and regard it as an important aspect in their work. [passage omitted]

These party committees have, in general, adopted the following measures to promote the study and implementation. 1) In line with actual conditions, all units under the Industrial and Power Department were called to make concrete arrangements. 2) Leading cadres at all levels were urged to set an example in studying and implementing the spirit of the speech. Meanwhile, study courses were opened for party and government cadres as an effort to train the backbone. 3) All units also organized their staff to study the relevant materials published in radio and newspapers and all party members and the Chinese Youth League members to take the initiative in studying 4) In the light of Jiang's speech and the central tasks of the region, extensive education in patriotism, anti-splitism, and the maintenance of the reunification of the motherland was conducted among all party members. [passage omitted]

North Region**Beijing Leader Attends Soiree for Minority Group**

*SK2510011589 Beijing BEIJING RIBAO in Chinese
4 Oct 89 p 1*

[Excerpt] On the happy occasion of celebrating the 40th anniversary of the founding of the country, the National Day visiting group composed of people of minority nationalities from all over the country spent a joyful day again in Beijing on 3 October. That evening, the municipal party committee and government held a soiree at the Beijing Hotel to welcome the brothers of minority nationalities.

Present at the soiree were Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the municipal party committee; Ngapoi Ngawang Jigme and Liao Hansheng, vice chairmen of the National People's Congress Standing Committee; and Chen Xitong, state councillor and municipal mayor. They gathered happily with the visiting group, talked cheerfully on national unity, and celebrated National Day with the group. [passage omitted]

Beijing's Li Ximing Views Justice Policies

*SK2610103389 Beijing BEIJING RIBAO in Chinese
12 Sep 89 p 1*

[Speech by Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing municipal party committee, at the Beijing municipal meeting on economic crimes on 11 September]

[Text] Comrades:

Just now, Comrade Ji Shuhan, president of the municipal Intermediate People's Court, has announced the verdicts for Shen Xiaoping, Li Yucai, Wang Zilong, Wu Keqiang, Zhai Yi, and Wang Huaiying, and has used real and shocking facts to tell us again that it is impossible to carry out our reform, opening up, and the four modernizations drive successfully without eliminating corrupt practices and resolutely struggling against economic offenses such as corruption, bribe-taking, speculation, and profiteering. Six criminals—Shen Xiaoping, Li Yucai, Wang Zilong, Wu Keqiang, Zhai Yi, and Wang Huaiying—abused their power and positions to embezzle public funds wantonly, and extort and accept bribes. In a short time, they embezzled 1.125 million yuan in renminbi. Their criminal activities not only disrupted reform and opening up, harmed the four modernizations drive, and corrupted social values, but also brought great harm to their own families. Among them, there were Communist Party members, cadres of state organs, plant directors, and managers. In order to get money and to seek ease and comfort, they abandoned spiritual conviction, ideals, and morality; ignored party and administrative disciplines and the law; and finally took the wrong road and became offenders of the people.

During recent years, people inside and outside the party had comments on our party's style and social habits. Calling for fighting corruption has become a strong voice in various social circles. Although the party and the government have adopted measures to strengthen their efforts to deal blows to economic offenses, economic law-breaking activities have still emerged and increased in number.

Why did such a situation emerge during recent years? Why did we get half of the result with twice the effort while building the spiritual civilization? Why did the economic offenses become more serious, and even become one of the problems that aroused the masses' dissatisfaction with the party and the government? The reasons are various, but the most fundamental one is that we failed to adhere consistently to the four cardinal principles. We paid less attention to the party's leadership, weakened ideological and political work, and allowed the influence of bourgeois liberalization and all kinds of decadent ideologies to spread unchecked. After halting the turmoil and quelling the counterrevolutionary rebellion in the capital in line with the instruction of Comrade Deng Xiaoping, the Political Bureau of the CPC Central Committee decided to fight corruption and to struggle against economic crimes resolutely. The Supreme People's Court and the Supreme People's Procuratorate issued a circular calling on persons who were guilty of corruption, bribery, speculation, and profiteering to turn themselves in and confess their crimes by a deadline. This was an important measure which the central authorities adopted for implementing the guidelines of the fourth plenary session. History has given us a profound education: Upholding the four cardinal principles and struggling against economic law-breaking activities are guarantees for adhering to the socialist road and realizing the four modernizations. Without conducting this struggle, the four modernizations drive, reform, and opening up would be a failure. If we fail to solve this problem well, our party and country will really encounter the question of whether their "features" will be changed or not. We should carry out the struggle to fight corruption and to deal blows to economic crimes to the end, guard against the "sugar-coated bullets" and "peaceful evolution," and regain the prestige of the party and the government among the masses.

At today's meeting, the divisional procuratorate of the municipal People's Procuratorate announced the decision of exempting embezzlers Li Zhunyun, Liu Li, and Zhang Yanxian from prosecution. The court also announced the decision to give lenient punishment to Wang Huaiying. These showed that our judicial organs, in addition to upholding the principle that all people are equal before the law and managing things strictly in line with the law, have also resolutely implemented the policies of the party and the state, and have combined law enforcement with the implementation of policies. Those people who are guilty of corruption, bribery, speculation, and profiteering, and persist in setting themselves against the people, refuse to turn themselves

in, and stubbornly engage in activities of sabotage, will receive severe legal sanctions. Those who turn themselves in within the deadline mentioned in the circular jointly issued by the Supreme People's Court and the Supreme People's Procuratorate, voluntarily return their ill-gotten gains, or make contributions will be treated leniently and will be given a chance to make a fresh start.

In our country, policies and laws are integrated and they supplement each other. On one hand, our laws manifest the policies of the party and the state. On the other hand, during implementation, our laws must be carried out in line with the situation and be guided by policies. "Giving lenient treatment to those who frankly confess their crimes and giving severe treatment to those who refuse to do so," and "combining strict punishment with lenient treatment," are the consistent party and state policies toward criminals as well as the basic guiding principles for enacting the criminal law of the People's Republic of China. Criminals must be punished by state law because their acts harm the interests of the state, the collective, and the people; endanger society; and go against the criminal law. If we fail to act in this manner, it will be impossible for us to have guarantees for our social stability, the safety of the people's lives and property, and the realization of reform, opening up and the four modernizations. However, when we punish criminal offenses, we do not just aim at punishing the criminals. Instead, we should educate and transform the criminals by giving them strict punishment, and warn those who are thinking of committing crimes in an effort to prevent and reduce the incidences of crime. Therefore, criminals who persist in setting themselves against the people, fail to correct their mistakes through repeated education, and commit crimes must be resolutely punished in line with the law. Those who turn themselves in, thoroughly confess their crimes, and have the intention of mending their ways must be treated leniently in line with the law. This time, in the course of conscientiously implementing the circular promulgated by the Supreme People's Court and the Supreme People's Procuratorate, our Beijing Municipality must set examples in meting out both lenient and strict punishments, and must fully manifest the party's policy of dealing with each case on its merits.

Fighting corruption and dealing blows to economic crimes are one of the important tasks put forward by the 4th Plenary Session of the 13th CPC Central Committee. Our Beijing Municipality should grasp these tasks firmly and well. At present, implementing the circular promulgated by the Supreme People's Court and the Supreme People's Procuratorate is one of the major tasks which should be grasped with concentrated efforts by the party and government leaders at all levels throughout the municipality, all departments, and all units. In the light of the various ideological problems of the cadres and the masses, we should publicize the guidelines of the circular, eliminate misgivings, realistically mobilize the masses to form the essential momentum and pressure, and make criminals fear the power of the dictatorship of the proletariat,

surrender themselves to the police, actively return their ill-gotten gains, and inform against other offenders on their own initiative. Leaders at all levels should not hide the unlawful economic acts and the shortcomings or faults of their own units and departments, or turn big problems into small problems and small problems into no problem at all. They should not wink at and shield law breakers. Leading cadres, if they have problems, should take the initiative in confessing their crimes. Leaders at all levels should unceasingly enhance their consciousness of upholding the four cardinal principles in the course of dealing blows to economic crimes; enhance their sense of class struggle and their power to resist corrosive influences; set examples in observing party discipline, political discipline, and the state law; and serve the people sincerely and wholeheartedly.

Comrades: Today's meeting to fulfill the policy of meting out both lenient and strict punishment for offenders serves as a mirror for economic criminals. All the people should extensively publicize this. Those who have committed economic crimes should look in this mirror, compare their own cases with those announced at the meeting, and rapidly make their own choice. The municipal party committee and the municipal government are convinced that dealing blows to economic crimes and fighting corruption is a political struggle wholeheartedly supported by the broad masses of people. The broad masses of people will surely be able to promote this struggle and win victory with a positive attitude.

Beijing Professors Criticize 'River Elegy'

*OW2310013889 Beijing Domestic Service in Mandarin
2230 GMT 20 Oct 89*

[From the "News and Press Review" program]

[Text] According to a report by ZHONGGUO JIAOYU BAO [CHINA EDUCATION NEWS], the Beijing Broadcasting Institute held its second discussion meeting on 14 October to criticize River Elegy. The broad masses of cadres, students, and faculty members criticized River Elegy for promoting bourgeois liberalization and exerting adverse effects on institutions of higher learning. They also cited facts to expose the true aim of the attempt made by the River Elegy Writing Group in October of last year to jointly sponsor a symposium on contemporary ideological and political work with the (Huaxia) Publishing House. They had also exposed the political aim of Su Xiaokang, one of the original authors of River Elegy, in adapting River Elegy into a drama.

At the meeting, (Huang Yong), head of the Propaganda Department, said: Last October, those former writers of River Elegy who had already completed their tasks once again used the name of the River Elegy Writing Group to join the (Huaxia) Publishing House in issuing a circular to various units in society, recruiting students to attend

a "Symposium on Contemporary Ideological and Political Work" to discuss the topic of "River Elegy and China's Destiny in Carrying Out Reform." The circular said: There are 12 lectures for this symposium, and the lectures will be given by River Elegy writers. Although the symposium was finally aborted, we can still clearly see from this circular how eager they are to transform China's ideological and political work on the basis of the political pattern shown in River Elegy. If Zhao Ziyang had laid a theoretical foundation for the transformation of China's ideological and political work, Su Xiaokang and other River Elegy writers had just put this transformation into practice to cater to Zhao Ziyang's needs in transforming ideological and political work.

(Zhuang Huading), associate professor and deputy director of the Literary Editorial Department, said at the meeting: After River Elegy was shown last summer, Su Xiaokang did not return to the Beijing Broadcasting Institute. He joined the May 4th Special Topic Group, a group of writers who specialized in writing major TV series, in an attempt to shape modern history with his own train of thought. On 21 February this year, he wrote a script, entitled: "Sunrise in One's Mind," and sent it to the Ministry of Radio, Film, and Television for review and approval. It was disapproved by the ministry. On 5 April this year, Su Xiaokang finished a report about a TV film that was aborted while in production. The report was carried in the May issue of WEN HUI YUE KAN [WEN HUI MONTHLY]. The reportage was 17,000 words long, and he repeated in it all his views in the script "Sunrise in One's Mind."

(Zhuang Huading) said: The script "Sunrise in One's Mind" has three parts with three chapters in each part. It has a total of 9 chapters, but none of the chapters mentioned the Communist Party of China. Nor did they mention Li Dazhao, Mao Zedong, and others in looking for ways to carry out the Chinese revolution in the course of working hard for the prosperity of the country under the inspiration of the May 4th spirit. On the contrary, it regarded efforts made by Chen Duxiu and Li Dazhao in party building as a tragedy for the Chinese people. In his view, only by relying on the intellectual elite and enlightening the people with the torch from the West will it be possible to help a country without culture like China today to become a nation with a modern culture in the future.

At the discussion meeting, many faculty members also exposed and criticized the effects of River Elegy on young students. Associate Professor (Xiao Anfang) of the Department of Social Sciences said: From the facts during the recent 50-day turmoil, we can say that River Elegy had made theoretical preparation for the student unrest, turmoil, and counterrevolutionary riot. The political program and the ultimate goal of the Beijing College Students' Autonomous Federation are designed to set up a multi-party system, let the elite run political affairs in China, and finally establish a political system with Western culture. This is precisely the basic thinking in River Elegy.

Beijing Tourism 'Gradually Recovering'

OW2210090389 Beijing XINHUA in English
0827 GMT 22 Oct 89

[Text] Beijing, October 22 (XINHUA)—Tourism in Beijing is gradually recovering from a low ebb in June and July this year, CHINA DAILY reports today.

The industry earned 674 million U.S. dollars for the Chinese capital in 1988, accounting for one third of China's total tourist earnings. This year the city expects 400 million U.S. dollars from tourism.

An official from Beijing Tourism Administration said that currently over 40 percent of the rooms in hotels under the administration are having guests. The leasing rate of Jianguo Hotel, one of the biggest in Beijing, approaches 70 percent.

He predicted that the city will reach its peak level of 1988 by the end of next year or the beginning of 1991.

Beijing Birth Rate Down in Jan-Jun Period

OW2210073689 Beijing XINHUA in English
1524 GMT 21 Oct 89

[Text] Beijing, October 21 (XINHUA)—There were 62,000 babies born in Beijing in the first half of this year, about 4,700 less than in the same period last year.

According to the municipal Family Planning Committee today, the natural population increase is about 40,000—some 8.74 percent less than a year ago, and the rate of family planning as reached about 6 percent in the capital.

Officials from the family planning committee attributed this to efforts by the municipal government as well as grass-roots level functionaries.

Beijing has set up 132 centers to distribute birth control pills and appliances, and a number of consultation centers for family planning.

However, the officials pointed out, there are 2.6 million women at the age of child-bearing and the propagation of family planning is still a difficult task. At present, Beijing has a population of more than 10 million, ranking only next to Shanghai in China.

Beijing Develops Insurance Industry

OW2310104789 Beijing XINHUA in English
0745 GMT 23 Oct 89

[Text] Beijing, October 23 (XINHUA)—Most enterprises and a large number of households in the Chinese capital have had their properties insured, bringing the total premiums to more than 100 billion yuan for the Beijing Municipal Insurance Company.

Today's "BEIJING DAILY" reported that by the end of September some 10,410 enterprises, 80 percent of the total number, had paid total premiums of more than 45

billion yuan, while 1.62 million households, more than half of the total number, 5.5 billion yuan.

Meanwhile, the paper said, premiums totalling 2.25 billion U.S. dollars have been paid by 344 of 500 joint ventures in the city.

The paper said the company has developed 156 types of insurance coverage since it was reopened ten years ago; only household property insurance was available at first.

Statistics show that the company has paid a total of 270 million yuan in compensation to enterprises, families and individuals over the past ten years.

Beijing Exports Increase in Jan-Sep Period

OW2410130989 Beijing XINHUA in English
1252 GMT 24 Oct 89

[Text] Beijing, October 24 (XINHUA)—Beijing's exports for the first nine months of the year amounted to 837 million U.S. dollars, or 3.5 percent more than the figure for the same period last year or 91.7 percent of the target for 1989.

Today's BEIJING DAILY says the city has fulfilled its export quotas set by the state for garment, silk, native produce, handicrafts, drawnworks, chemical products and machinery.

More than 11,000 workers in foreign trade units of the city contributed to the effort. Over the past 100 days Beijing has exported 300 million U.S. dollars worth of goods.

The newspaper says the anti-government riots earlier this year cost Beijing 26 million U.S. dollars in lost exports.

To overcome the difficulties arising from the riots, the paper says, workers launched a city-wide drive to increase production and economise.

As a result, monthly exports over the past three months reached nearly 100 million U.S. dollars, an increase of three percent compared with the monthly average in the first half of this year.

Fixed-Asset Investment Rate Reduced in Beijing

OW2510092189 Beijing XINHUA in English
0747 GMT 25 Oct 89

[Text] Beijing, October 25 (XINHUA)—The fixed-asset investment rate in Beijing has so far been reduced by 40 percent this year, compared with the same period of last year, as a result of the ongoing austerity drive.

Meanwhile, the municipal authorities have allocated more money for developing agriculture and education, and constructing key projects and infrastructure.

Today's "BEIJING DAILY" reported that 549 projects which had been under construction or were ready for

work to start on them have been suspended. This has saved a total of 8.6 billion yuan, equal to the total Beijing investment in construction in 1988.

The reduction of investment has contributed to the smooth development of a group of key projects, covering electricity, central heating and gas, and the Asian Games, as well as the Beijing-Mitsubishi Color TV Tube Company, which went into production earlier this year.

The paper said the reduction has also benefited the development of agriculture, education and the legal sector. The city has added some 160,000 sq m of floor space to school buildings this year, and 500,000 sq m of apartment buildings have been basically completed for teachers in primary and middle schools.

Hebei Conference Commends Intellectuals

*SK2410012789 Shijiazhuang HEBEI RIBAO
in Chinese 23 Sep 89 p 1*

[Excerpts] On the afternoon of 22 September, the provincial party committee and the provincial government cosponsored a radio and television conference to commend and reward 343 outstanding intellectuals, 53 advanced collectives of intellectuals, and 76 young and middle-aged specialized technicians with outstanding contributions; and to present books to the representatives of scientists and technicians whose deeds were written down in the book entitled "Outstanding Scientists and Technicians of Hebei." [passage omitted]

Yue Qifeng, deputy secretary of the provincial party committee and governor of the province, presided over the conference. Xing Chongzhi, secretary of the provincial party committee, made a speech on striving to create a province-wide atmosphere of respecting knowledge and skilled persons and bringing the intellectuals' role into full play. On behalf of the provincial party committee and the provincial government, he first extended greetings to the individuals and units that were commended at the conference; and extended cordial regards and lofty respects to the intellectuals who have been working hard on all fronts of the province.

Among the provincial leaders present at the conference were Lu Chuanzan, Yang Zejiang, Zhang Chao, Qu Weizhen, Bai Shi, Chen Yujie, Liu Ying, Hong Yi, Wang Zuwu, Li Feng, and Xu Chunxing. [passage omitted]

Hebei Leaders Give Model Workers Send-Off Party

*SK2410022189 Shijiazhuang HEBEI RIBAO
in Chinese 27 Sep 89 p 1*

[Text] One hundred and thirteen labor models in our province will go to Beijing on 27 September to attend the national conference to commend labor models and advanced workers. On the afternoon of 26 September, provincial leaders Xing Chongzhi, Li Wenshan, Guo Zhi, Ye Liansong, Liu Ronghui, Song Shuhua, Li Feng, and Du Jingyi held talks with the labor models and gave them a send-off party.

Hebei Secretary Attends National Day Soiree

*SK2410022589 Shijiazhuang HEBEI RIBAO
in Chinese 30 Sep 89 p 1*

[Excerpts] Our great motherland will soon have celebrated its 40th anniversary amid a stable situation. This evening, the Workers Cultural Palace in Shijiazhuang City staged a good performance. More than 2,000 people from all circles in the provincial capital gathered together there to attend a soiree to celebrate National Day ceremoniously. [passage omitted]

Attending the soiree were leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial Committee of the Chinese People's Political Consultative Conference [CPPCC], and the provincial Discipline Inspection Commission, including Xing Chongzhi, Li Wenshan, Yue Qifeng, Lu Chuanzan, Yang Zejiang, Guo Zhi, and Bai Shi; Zhang Shuguang, member of the Central Advisory Commission in Shijiazhuang; Liu Bingyan and Xie Feng, members of the Standing Committee of the National CPPCC Committee; leaders of the Army units stationed in Shijiazhuang; and the Armed Police Force, including Zhang Mingyuan, Li Can, Zhu Zengquan, Xue Lianbi, Han Shilian, Zhang Xinhui, Sun Cai, Sun Lushi, and Xiang Xu, and leaders of Shijiazhuang City, including Wang Manqiu, and Luo Zhiling. [passage omitted]

Inner Mongolia Arranges Family Planning Work

SK2310063289 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 22 Oct 89

[Summary From Poor Reception] According to the recent radio speech of (Liang Jibin), chairman of the autonomous regional Family Planning Committee, the number of new births in the first half of this year reached more than 118,000, a 3,000 increase over the same period of 1988. Thus, the region's population is expected to reach 21 million, which will surpass the fixed family planning plan this year.

In his radio speech, (Liang Jibin) put forward the following tasks for fulfilling the region's family planning plan this year, which is the last year of the Seventh 5-Year Plan period: 1) Strenuous efforts should be made to carry out propaganda activities on birth control. 2) We should formulate family planning plans for the Eighth 5-Year Plan period. 3) Efforts should be made to further implement birth control measures during festive days.

Northeast Region

Heilongjiang Resumes Educational Workers' Union

SK2710020189 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 24 Oct 89

[Text] The third congress of the Heilongjiang Provincial Educational Workers' Trade Union, that had been suspended for 36 years, was held in Harbin City on 24 October.

Wang Haiyan, deputy secretary of the provincial party committee; Wang Luming, chairman of the provincial Advisory Commission; Ji Hua, vice chairman of the provincial People's Congress Standing Committee; Huang Feng, vice governor of the province; and Zhang Li, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference, met with all representatives participating in the congress and also extended greetings to the congress.

Vice Governor Huang Feng made a speech at the congress.

The provincial Educational Workers' Trade Union was set up in 1950 and its second congress was held in 1953. Since then, the trade union suspended its collective activities. Through bringing order out of chaos after the 3d Plenary Session of the 11th CPC Central Committee, the educational workers' trade unions at various levels throughout the province have been resumed and developed in succession. Under the leadership of the party organizations, the educational workers' trade unions at various levels have conscientiously implemented the party's policies toward intellectuals and helped relevant departments solve many serious and long-standing problems, such as recruiting teachers into the party, distributing houses to them, and arranging jobs for their children. All this plays a positive role in fostering a social practice of respecting teachers and paying attention to education, and in stabilizing the ranks of teachers.

Jilin Secretary Inspects Disaster Areas

SK2810113089 Changchun JILIN RIBAO in Chinese
23 Sep 89 pp 1,4

[Text] While inspecting disaster situations in the rural areas, He Zhukang, secretary of the provincial party committee, pointed out: In addition to paying attention to the disaster situations, we must also enhance our confidence, conscientiously sum up experiences and lessons, start our work early, and make good preparations for reaping a bumper agricultural harvest next year.

This year, our province has experienced many disasters in agricultural production. The disasters of drought, waterlogging, hailstorms and insect pests have occurred simultaneously. Since 15 September, some areas and plots have been hit by early frost. From 18 to 21 September, accompanied by Wu Yixia, member of the Standing Committee of the provincial party committee and secretary of the Changchun City party committee, and Zhou Jichang, director of the provincial Agricultural Department, He Zhukang, secretary of the provincial party committee, went successfully together with local leading comrades to Dehui, Nongan, Qian Gorlos, and Changling Counties to inspect crops that were hit by disasters. They analyzed the reasons for the disasters and heard briefings given by leading county comrades in the fields. Judging from the disaster situations in these counties, disasters and reduction of output of varying degrees occurred in different counties, townships, villages, and even in plots. Some crops suffered from drought and frost while others are still growing well.

After looking very carefully at the frost-hit crops in Nongan County, He Zhukang pointed out: In the past, we used to sum up experience during a bumper harvest year. This is very essential. This year, we have suffered from a reduction of output caused by disasters. We must be more conscientious in summing up experiences and must draw experiences and lessons from it. We can see the problems more clearly and unify our ideological understanding and enhance our consciousness more easily during the year of disasters. At present, the fundamental problem of our province's agriculture is our poor capacity to resist natural disasters. Most of the time, we have to "depend on the heaven for our harvest." We should pay special attention to discovering the problems in this aspect, should change the traditional farming methods with improvements in the agricultural production conditions in particular, do a good job in farmland and water conservancy construction, and pay attention to scientific farming. This year's winter scientific and technological activities should be focused on these tasks. In the past, our province organized peasants to build many water conservancy projects and large tree belts. However, the damages during recent years were fairly great. The water conservancy projects could no longer meet the demands of the developing agricultural production. We should grasp the favorable opportunity and organize peasants to build and repair actively water conservancy projects for combating drought and waterlogging. We should not have the mentality of depending on luck. The development of nature has a regular pattern. Usually, years of disaster will occur after a few years of bumper harvests. We should be mentally prepared for this and should strive to combat disasters in order to reap a bumper harvest.

After examining some plots hit by drought and frost in Qian Gorlos County, He Zhukang also met with some model workers who reaped a bumper harvest by digging wells to plant paddy fields and irrigate crops in dry soil. He said excitedly: Under the same conditions, the crops in Qian Gorlos are growing well because it planted crops early and watered the crops several times during the crucial moments. Although this county was also hit by frost this time, the crops were not greatly affected. We should do a good job in publicizing these advanced models and experiences. They changed the traditional method of "depending on the heaven for their harvests." The results they achieved were remarkable. The experiences of Qian Gorlos County can be mainly summarized by three examples: First, this county built and repaired water conservancy projects and carried out scientific farming. The peasants dug one well and invested 2,000 yuan in every hectare of land. They dug wells, planted paddy fields, and achieved beneficial results within the same year. He Gula, secretary of the Qian Gorlos County, pointed at a plot of field and interrupted: We can earn 10,000 yuan from this hectare of paddy field this year. We can recover the investment within the year and can earn a net income of at least several thousand yuan. One well has enough water for irrigating two hectares of dry farmland. We can achieve a stable and

high yield from this land. Second, this county organized the people together to build and repair water conservancy projects and to combat disasters to reap a bumper harvest. Third, it summed up experiences and changed its conditions for production.

After examining the disaster situations in several counties, He Zhukang said: This year, some localities and plots were hit by serious disasters indeed. This is independent of the people's will. This year, we have invested more in agriculture. The broad masses of cadres and peasants have already exerted their utmost efforts. Although, we could not change the situation of a reduction of output, the disaster situation was greatly alleviated. We should fully affirm this point and encourage peasants and the rural cadres to enhance their spirit, strengthen confidence, and strive to reap a bumper harvest during the year of disasters. He Zhukang said: This early frost will cause some influence to grain production. But the influence will not be serious. The crops of most areas are growing well. Even in areas hit by frost, the corn is still growing and the paddy fields are also growing well. Therefore, we should pay attention to the disaster situations and seek truth from facts. We should not regard the disasters as important. Judging from the situation of the whole province, the grain production situation is still good. This year, we will reap a good harvest. At present, on the one hand, we should explain the situation to the cadres and the masses and set their minds at ease; on the other hand, we should educate the masses to take the whole situation into account. We should share the difficulties of the state and strive to fulfill various tasks during the year of disasters. At present, we should continue to grasp the late field management of major autumn-harvested crops, make the utmost efforts to harvest the crops late in order to let the corn become more mature, and adopt various measures to increase this year's grain output.

In conclusion, He Zhukang also said: The two examples of good and poor harvests have greatly inspired us. The party and government organizations at all levels in the rural areas should do a better job in summing up these experiences. Jilin has a long winter. This winter, we should carry out activities to sum up practical experiences and study science and technology.

Liaoning Official Advises Criminals To Confess

SK2710042689 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 26 Oct 89

[Text] On 26 October, Xu Sheng, chief procurator of the Liaoning Provincial People's Procuratorate, reported to press circles on the provincial situation over the past 72 days after the promulgation of the notice of the Supreme People's Court and the Supreme People's Procuratorate in which it states that swindlers, bribe takers, and speculators must surrender themselves to procuratorial organs within a fixed time.

He declared: Only 5 days are left before the deadline defined in the notice. That is, those who surrender

themselves to procuratorial organs before 0000 1 November will be handled leniently. The time limit will not be extended.

Chief Procurator Xu Sheng stated: As of 24 October, after the promulgation of the notice, 722 swindlers, bribe takers, and speculators across the province surrendered themselves to procuratorial organs and frankly confessed their crimes. Of them, 225 persons were guilty of corruption, each involving more than 10,000 yuan; and 43 persons were cadres at or above the county and regimental levels. They confessed to taking 14.03 million yuan in illicit money, and returned more than 6 million yuan worth of illicit money and stolen goods.

Xu Sheng emphasized: Procuratorial organs at various levels have handled, strictly in line with the notice and relevant articles as set forth in the law, those who confessed their crimes within the fixed time. No compulsory means such as arrest and detention were taken against those who actively surrendered themselves to the procuratorial organs, completely confessed their crimes, positively returned illicit money and stolen goods, and made some contributions. On the contrary, they were handled overleniently. So far, the procuratorial organs have decided that 108 persons who made confessions would be exempt from the death sentence. Meanwhile, the procuratorial organs have appropriately adopted measures for arresting, resolutely investigating, and strictly handling according to the law the criminal offenders who pay no heed to the notice, refuse to make confessions, and also interfere in and affect the implementation of the notice.

Xu Sheng emphasized: Only 5 days are left before the deadline defined in the notice. This means that after 5 days, the criminal offenders who refuse to make confessions shall be punished strictly according to law. Those who confess their crimes after 5 days shall be handled leniently but not overleniently as now.

He advised that the criminal offenders who have an idea of trusting to luck, adopt an antagonistic attitude, have misgivings, or despise the law should carefully turn this thing over in their minds and immediately wake up to reality.

He said: At present, procuratorial, supervisory, and discipline inspection organs have gathered many clues for criminal cases. We have made up our minds to investigate these cases thoroughly. Whoever is involved in the cases should thoroughly be investigated, and those who should be handled strictly will be dealt with resolutely.

Northwest Region

Shaanxi Leader Speaks on People's Congress Work

HK2110043189 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 21 Oct 89

[Excerpt] The provincial party committee's conference on People's Congress work concluded yesterday. Secretary Zhang Boxing pointed out in a speech that the party

committees at all levels must resolutely support the People's Congresses in the lawful exercise of their powers, and the government, courts, and procuratorates must spontaneously accept supervision by the People's Congresses to facilitate further promotion and strengthening of the effort to build democracy and the legal system in the province.

In his speech, Zhang Boxing said that the most fundamental thing in strengthening socialist democracy and the legal system is to strengthen and perfect the People's Congress system. This is China's fundamental system and the supreme power organ of the state and the localities. It is the most effective organizational form for ensuring that people can act as masters of the country and exercise their democratic rights. It accords with China's national condition. Strengthening and perfecting the people's congress system is a major issue related to the struggle to uphold the four cardinal principles and oppose bourgeois liberalization. It is also a major aspect of building socialist democracy and a legal system with Chinese characteristics.

On party leadership over People's Congress work, Zhang Boxing pointed out that special attention must be paid to doing a good job in the following respects:

1. The party committees must further strengthen leadership over the party groups of the People's Congresses.
2. We must be skillful at turning the party's ideas into the national will through the legal procedures, and support the People's Congresses in exercising their decision-making rights on major issues.
3. Under the premise of adhering to the principle of having the party manage the cadres, we must respect and support the People's Congresses in making appointments and dismissals.
4. We must do a good job in organizing coordination between the People's Congresses on the one hand and the government, courts, and procuratorates on the other.

Zhang Boxing said: It is necessary to form gradually a system for exercising party leadership over People's Congress work. The party should periodically discuss and look into the work of the People's Congress Standing Committees. We should continue to maintain the system of having People's Congress Standing Committee chairmen attending party committee Standing Committee meetings as observers. The principal responsible comrades of the party committees must be concerned for the work of the People's Congresses, regularly get to know the situation there, and help to solve difficulties and problems in their work.

The provincial party committee has decided to hold a quarterly gathering of heads of the six major provincial leadership groups to exchange information and discuss work. The counties and cities can also formulate such a system. [passage omitted]

Shaanxi Governor on Measures for 'Grim' Situation

*HK2110062989 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 20 Oct 89*

[Text] In view of the grim situation of a gradual decline in Shaanxi's industrial growth during the 3d quarter, Governor Hou Zongbin has called on the leaders at all levels to take active measures to stabilize the policies and the enterprises, and strive to fulfill the goal set by the provincial party committee and government of ensuring 8 percent growth in industry and communication this year and striving for 10 percent. This was the demand put forward by Hou Zongbin in important comments on current economic work after listening on 17 and 18 October to reports on production from some provincial industrial departments and bureaus and some companies and other units in Xian.

Hou Zongbin pointed out that industrial and communications production in Shaanxi has been on a continuous slide in the 2d half of this year. Industrial growth during July, August, and September was respectively 8.6 percent, 1.6 percent, and 1.5 percent. The situation is extremely grim. Hou Zongbin gave the following 12 views on the province's current economic work:

1. Strengthen production control and direction and help the enterprises to surmount the difficulties. In the 4th quarter, we must ensure 8 percent growth over the whole year in small-caliber industries at the township level and above, and 9 percent growth in large-caliber industries; fulfill the task of enlivening 850 million yuan of capital; ensure the fulfillment of the year's revenue task of 3.7 billion yuan; and achieve a basically balanced budget.
2. We must arrange the production plans for the 1st quarter of next year as early as possible, and make all production preparations.
3. We must organize production in line with market requirements. We must show appropriate bias in allocating capital, raw materials, and energy so as to increase the output of goods with a ready market and reduce the output of goods that do not sell well. We should step up the development of new products, open up new channels, and overcome the difficulties caused in economic work by the softening of the markets.
4. The enterprises must resolutely practice the plant manager responsibility system. The party committees must support the managers in the lawful exercise of their powers and pool the wisdom and efforts of everyone in promoting production.
5. We should continue to practice the economic responsibility systems throughout their contract periods and act according to the contracts, which cannot be changed at will. Contractors whose contracts expire this year but who have shown themselves competent and have reached their targets can have their contracts extended for 1 year.

6. The various matching reform measures within the enterprises, especially the reforms in the distribution and labor systems, must continue.

7. We must continue to practice the policy of having the enterprises pay for their operational activities in accordance with the regulations.

8. We should allow the enterprises to practice single-item reward measures in order to exist and develop in the current economic climate, such as for single-item contracting and for sales and purchasing.

9. We should continue to develop actively and steadily lateral ties, economic cooperation between areas, and international economic and technological cooperation.

10. It is forbidden to withdraw any of the powers previously delegated to the enterprises. The status of the plant managers and directors as legal entities of the

enterprises must not be changed. We must continue to uphold the correct reform orientation of self-management by the enterprises, self-responsibility for profits and losses, and changes in government functions.

11. We must affirm the important status of the township and town enterprises in developing the national economy, especially the rural economy, and continue to implement the provincial government's 10-point policies on developing these enterprises.

12. Under the premise of regarding the public ownership system as the mainstay, we should develop individual and private ownership economy which also comes under the category of socialist economy. We should advocate that some people may get rich ahead of others through honest labor and legal operations under the premise of prosperity for all, and guarantee in law their legitimate operations and income.

Roundup Reviews Fujian-Taiwan Relations

HK3110054289 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0816 GMT 18 Oct 89

[Roundup by Min Wei (7036 4885): "From Confrontation to Relaxation—A Review on the Development of Fujian-Taiwan Relations"]

[Text] Hong Kong 18 Oct (ZHONGGUO TONGXUN SHE)—Xiamen Island, which once was filled with gunpowder smoke and known for its "ten thousand cannons bombarding Quemoy," is now a "hot point" of investment for Taiwan businessmen.

In the first 7 months of this year, a total of 184 projects were funded with Taiwan capital. The amount of investment by Taiwan businessmen exceeded 300 million U.S. dollars, and more than 60 enterprises were opened with money from Taiwan. In addition, several Taiwan businessmen co-sponsored the establishment of a Taiwan industrial complex and a mountain villa resort.

This is the case with Xiamen. In other coastal areas such as Jinjiang, Nanan, Tongan, and Longhai where artillery actions had been most fierce, there has been an endless stream of Taiwan visitors coming to visit relatives, sightsee, invest, and trade. Their footsteps have traversed cities, towns, and villages in Fujian Province.

The situation in the Taiwan Strait has changed from tense, long-term military confrontation to a state of calm. The isolation between the two coasts has been gradually broken. On 1 January 1979, the Liberation Army's Fujian units were ordered to stop bombarding Quemoy and its nearby offshore islands. The Liberation Army's frontline broadcasting station changed its name to "Voice of the Strait." The broadcasting station, the loud speaker station directly broadcasting propaganda across the strait, and the units sending balloons by air and sea on the coastal front of Fujian have all been dismantled. The Fujian Provincial Government has announced

proposals to permit the province to become the first to have postal, aviation and navigation, and trade contacts and economic, cultural, scientific, and social exchanges with Taiwan. The provincial government has stipulated that preferential treatment be given to Taiwan fishermen and businessmen who came to conduct small-scale, direct trade in the coastal areas. Nineteen harbors, including Qinyu in Fudin, Guantou in Lianjiang, Songxia in Changde, Meilin in Shishi, Gongkou in Zhao'an, and Fugong in Longhai, were opened for Taiwan steamers to anchor. Seventeen small-scale trading companies were set up in these harbors to conduct business with Taiwan. These reception stations, anchorages, and trading companies provided the convenience of food and board for Taiwan compatriots visiting Fujian, and offered services for Taiwan fishermen and businessmen who came to seek help and shelter from the wind, to repair machinery, to replenish supplies of fuel and water, and to see doctors.

In November 1987, Taiwan authorities lifted a ban on travel to the mainland on a limited basis, allowing visits to see relatives. Since that time, the number of Taiwan compatriots arriving in Fujian has reached 250,000. In the area of navigation contacts, passenger steamers last year sailed from Taiwan to Okinawa, and then onward to Amoy. In the area of postal contacts, there were 250,000 long-distance telephone calls from Fujian to Taiwan this year during the period between January and August. An average of 30,000 to 40,000 letters were posted to Taiwan every month during this time. In the area of trade contacts, over 400 factories were opened by Taiwan businessmen who came to Fujian to invest. The amount of investment was close to US\$500 million. Small-scale business dealings in coastal districts reached a total of several tens of millions U.S. dollars each month. Many forms of private exchanges in culture, academics, science and technology, and medical services were expanding. More than 1,000 Taiwan compatriots have visited Fujian to participate in such exchange activities.

Vice Foreign Minister Leaves for U.S. 30 Oct

*OW3010121989 Taipei CNA in English
1139 GMT 30 Oct 89*

[Text] Taipei, Oct. 30 (CNA) Vice Foreign Minister John Chang and Wang Chao-yuan, director of the Foreign Ministry's Department of North American Affairs, left for the United States Monday to preside over meetings to be held in each of the 12 offices of the Coordination Council for North American Affairs.

Their purpose in attending the annual meetings is to gain a better understanding of the operations of each of the 12 offices in the U.S.

Furthermore, Vice Foreign Minister Chang is expected to meet with American officials for exchanges of views on Sino-American relations and the upcoming elections in the ROC [Republic of China].

The two officials are scheduled to return in the middle of November.

President Gives Retrocession Day Speech

*OW2910050789 Taipei International Service
in English 0200 GMT 26 Oct 89*

[Text] On the eve of Taiwan's Retrocession Day on Tuesday [24 October], President Li Teng-hui called on the people to continue to work hard and realize the goal for us to ensure continued prosperity for Taiwan. In his nationally televised speech, Li said: Taiwan's success has contrasted sharply with the dark suppression seen on Mainland China in the eyes of the world after the Tienanmen Square slaughter on June the 4th. But Taiwan experience demonstrates a sound political and economic system can bring prosperity to the Chinese, he noted.

The president also described the increasing diversity in public opinion as, quote and unquote, a pleasant phenomenon which, he said, can motivate every resident to participate in society and to love the nation. He also said he emphasized with the pop song "My Future Is Not a Dream." He said the pop song reminds him of how the people have strived to realize the ideals after Taiwan was retroceded from Japan 4 decades ago.

Cabinet Committee Revises Rule on Mainland Visits

*OW291001389 Taipei CNA in English
1636 GMT 28 Oct 89*

[Text] Taipei, Oct. 28 (CNA)—The Cabinet Ad Hoc Committee on Mainland Chinese Affairs Saturday revised a rule under which communists will be allowed to come to the Republic of China on Taiwan for conferences or activities sponsored by international organizations.

Reviewing the draft law governing the relations between people on Taiwan and the mainland, the committee proposed that Mainland Chinese who have joined "rebellious groups" be exempted from punishment if legally permitted to enter Taiwan.

Approval of such entries is granted on a case-by-case basis, according to committee officials.

The committee also recommended that the restrictions be removed on mainland people's right to inherit at most half of legacies on Taiwan. But each mainlander is still allowed to inherit a maximum of New Taiwan \$2 million (about \$76,000).

The age limit on mainland people trying to settle down in Taiwan was also lowered from 75 to 70, but on only three conditions:

- If the applicant has no dependents on the mainland;
- If his or her parents, children or spouse in Taiwan are gravely ill, without anyone taking care of them;
- If he or she had residency in Taiwan and went to the mainland before 1949.

Deputy Director General Liao Chao-hiang of the Government Information Office said the revised draft law will be referred to the Legislative Yuan soon.

Democratic Progressive Party Reelects Chairman

*OW2910185289 Taipei CNA in English
1606 GMT 29 Oct 89*

[Text] Hsingying, Tainan, Southern Taiwan, Oct. 29 (CNA)—Huang Hsin-chieh was reelected chairman of the opposition Democratic Progressive Party during the party's two-day Fourth National Congress which ended Sunday.

The 206 party delegates also elected an 11-member Central Standing Committee, consisting of Huang Hsin-chieh, Chang Chun-hung, Yu Chen Yuch-ying, Wu Nai-jen, Hung Chi-chang, Yu Ching, Yao Chia-wen, Yu Hsi-kun, Chen Yung-hsing, Hsu Kuo-tai and Lin Wen-lang.

NPC Expels Two From Basic Law Committee

Lee, Szeto Defend Positions

HK3010030789 Hong Kong SOUTH CHINA MORNING POST in English 30 Oct 89 p 3

[By Fanny Wong]

[Excerpt] Leading liberals and Basic Law drafters Martin Lee Chu-ming and Szeto Wah yesterday denied a report that they had explained to New China News Agency (NCNA) officials their position on China.

And they rejected allegations that they treated China as their enemy.

Based on a report on personnel changes of the Basic Law Drafting Committee prepared by committee chairman, Mr Ji Pengfei, the Chinese National People's Congress (NPC) Standing Committee is set to expel the two drafters from the drafting body.

In his report submitted to the NPC Standing Committee over the weekend, Mr Ji recommended disqualifying the two drafters unless they explained their stance on China and the Sino-British Joint Declaration.

Quoting Chinese sources, a television news report said on Saturday that both Mr Lee and Mr Szeto had explained their stance to NCNA officials, but their explanation was not satisfactory.

Speaking after attending a rally organised by the Joint Committee for the Promotion of Democratic Government, Mr Lee said he didn't know the origin of the rumour.

"I did call a press conference and made my position clear to the public. Apart from that, I have not met anybody from the NCNA since June 4," Mr Lee said.

He said it appeared that the NPC Standing Committee was considering disqualifying him and Mr Szeto and required them to explain why they treated China as their enemy.

Denying the allegation that they were anti-China, Mr Lee said he didn't think Hong Kong people saw China as the enemy. He thought it was the other way round.

"I am afraid it's the Chinese leadership, through their recent statements, which makes us feel they are treating the people of Hong Kong as their enemy and they are not trusting the people of Hong Kong as they formerly did."

On the question of his stance on the Joint Declaration, Mr Lee said Chinese officials had taken his remarks out of context.

"Shortly after the June 4 massacre, I did call upon the British Government to try to get an agreement with China to give us a better deal and better protection," Mr Lee said.

"My statement is that if that cannot be done, we will still go back to the Joint Declaration," he said.

"I made it clear the Joint Declaration is a valid and binding agreement, registered with the United Nations.

"I'm afraid that that allegation against me is taken completely out of context. I don't think there's anything for me to explain. All that is necessary is for them to read my statement in its proper context."

He also rejected a suggestion that the objective of the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China was subversion.

China's tactics in singling out him and Mr Lee from the Alliance for criticism was interpreted by Mr Szeto as a warning to all those who supported the democratic movement in the mainland.

The NPC Standing Committee is expected to make a decision on disqualifying Mr Lee and Mr Szeto before the current session closes tomorrow.

If it announces the sacking of the two drafters, Mr Lee said he and Mr Szeto would issue a statement. [passage omitted]

Reinstatement Possible

OW3110110789 Beijing XINHUA in English 1038 GMT 31 Oct 89

[Text] Beijing, October 31 (XINHUA)—Two members of the Hong Kong Basic Law Drafting Committee from Hong Kong will no longer be allowed to participate in its work, according to a decision made today by the National People's Congress (NPC) Standing Committee.

Szeto Wah and C. M. Lee shall no longer participate in the drafting work of the committee until they abandon their antagonistic stand against the Chinese Government and their attempt to nullify the Sino-British Joint Declaration on Hong Kong, the decision said.

"Their recent remarks and actions have not been in conformity with their status as members of the drafting committee," stated the decision, which was adopted at the closing session of the tenth meeting of the Seventh NPC Standing Committee here today.

The decision was made in line with a report to the meeting by Ji Pengfei, chairman of the drafting committee, on committee personnel changes.

Ji Pengfei said Szeto Wah and C.M. Lee have, since last June, indulged in many actions not in conformity with their status as members of the committee.

The so-called "Hong Kong Citizens' Federation in Support of the Patriotic and Democratic Movement" they organized openly declared that its purpose was to overthrow the Chinese Government, and they said that they would not take part in the law drafting work as long as the current Chinese Government exists, Ji said.

C.M. Lee even advocated reexamination of the Sino-British Joint Declaration and called for the U.S. Government to impose economic sanctions against China, Ji said. Szeto Wah did the same in the United States and Canada.

Many members of the drafting committee took exception to their remarks and actions, holding that the two members are no longer qualified to be drafting committee members, Ji said.

Ji said the vice-chairmen of the committee agreed that "the two members can no longer participate in the drafting work unless they openly admit their mistakes.

stating that they abandon their antagonistic stance against the Chinese Government and their attempt to nullify the Sino-British Joint Declaration."

The tenth meeting also approved the resignations of Louis Cha, Leung Yung and Kwong Kong Kit. The NPC Standing Committee hoped that they would continue to make contributions to the drafting. The two, also from Hong Kong, tendered their resignations last May.

The 59-member Basic Law Drafting Committee was established four years ago. Since then, four members have died.

**END OF
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